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NEWS SUMMARY

GENERAL

Solidarity accused of raising tension

The Polish Government accused Solidarity, the free trade union, of increasing tension in the country.

The Council of Ministers said the political climate had deteriorated as a direct result of "irresponsible action by a succession of Solidarity branches."

In Radom, transport workers walked out for an hour in protest at lack of action against local officials said to be responsible for reprisals against 1976 food rioters. **Page 2**

Embassy closed

Somalia ordered the Libyan embassy to close, claiming Colonel Gadaffi's government endangered its unity. **Libya/Syria merger talks, Page 3**

Students rebel

Anti-Khomeini Iranian students occupied Iranian embassies in Belgium and the Netherlands. **Page 2: Prisoners exchanged, Page 3; Feature, Page 18**

Mid-East summit

President Sadat of Egypt and Israeli premier Menahem Begin began a two-day summit in Alexandria.

BL prices up

BL car prices are to rise by an average 4 per cent. Examples: Metro 1.3S up £78 to £4,399; Rover 2500 SE up £621 to £11,903. Allegro, Princess, Ital and Maxi prices are unchanged. **General Motors' European J-car launch, Back Page**

£740,000 gem raid

A gunman posing as a postman grabbed gems worth £740,000 from a London jeweller.

Rabies confirmed

Tests showed a woman who died in Gloucestershire after being bitten by a dog in India had rabies.

Moonies leaving

The Unification Church (the *Moonies*) *confirmed it* is withdrawing 300 missionaries from Britain.

Neutron support

China's official news agency urged Nato deployment of neutron warheads. **Soviets ready for arms talks, Page 4**

Maori tour offer

New Zealand's Maori rugby team was invited to tour South Africa after holding the Springboks to a 12—12 draw.

Headless body

A headless body found on the London to Bristol rail line was identified as escaped double killer Edward Garlick.

Carson goes home

Injured champion jockey Willie Carson left hospital in York.

Captive labour

Home Secretary William Whitelaw was asked to investigate whether prison labour is unfair to private industry. **Page 8**

Eel be OK

A Barnsley *man whose* diet includes sheep's eyes in custard and eels in lemon curd was admitted to hospital suffering from exhaustion and throat seizure.

Briefly . . .

Japanese deaths from typhoon Thad reached 30.

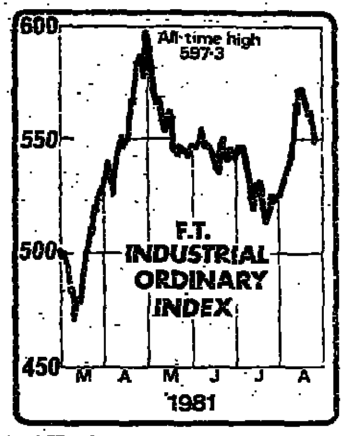
U.S. jazzman Bill Coleman, 77, died in Toulouse.

President Brezhnev returned to Moscow from his Crimean holiday.

BUSINESS

Equities off 8.9; gilts fall 0.46

● **EQUITIES** were affected by Wall Street gloom. The FT 30-share index fell 8.9 to 549.1. **Page 30**



● **GILTS** were well down. The Government Securities index dropped 0.46 to 64.02. **Page 30**

● **WALL STREET** was down 4.18 at 895.93 near the close. **Page 27**

● **GOLD** fell $10.5 to $409.5 in London. In New York, the Comex August close was $409.3. **Page 26**

● **DOLLAR** rose to DM 2.503 (DM 2.4725), FFr 6.01, (FFr 5.9125), SwFr 2.1735 (SwFr 2.146) and Y230.25 (Y228.4). Its trade-weighted index was 112.4 (111). **Page 26**

● **STERLING** closed 3.65 cents down at $1.8235. It also fell to *DM 4.5675 (DM 4.6), FFr 10.96* (FFr 10.995), SwFr 3.965 (SwFr 3.9925) and Y420.5 (Y425). Its trade-weighted index was 91.3 (92.4). **Page 26**

● **MIDLAND BANK'S** $820m (£449.6m) bid for 57 per cent of Crocker National Bank of San Francisco was approved on certain conditions by the U.S. Federal Reserve Board. **Back Page**

● **U.S.** called for talks with the EEC and Japan in a move to try to avoid friction in trade relations. **Back Page**

● **CONOCO** has made a significant oil discovery in the North Sea about 100 miles north-east of Peterhead, Scotland. **Back Page**

● **FRENCH** Socialist Government *announced its first* domestic borrowing with the launch of a FFr 8bn (£728m) bond with 16.75 per cent fixed interest over six years. **Back Page**

● **SOVIET UNION** is to discuss prices with Rolls-Royce and John Brown Engineering for turbines which could be used on the planned gas pipeline from Siberia to West Germany. **Page 6**

● **LEE JEANS** factory at *Greenock*, Scotland, where 139 women workers staged a seven-month *sit-in to prevent* its closure, is to be bought by a consortium. **Page 10**

COMPANIES

● **LONDON AND SCOTTISH** Marine Oil, oil and gas exploration and development company, saw first-half taxable profits *surge from £20.36m to £55.03m* and is to pay its first dividend. **Page 20; Lex, Back Page**

● **CHARTERHOUSE** Petroleum, oil and gas exploration and production group, announced pre-tax profits of £5.24m for the six *months ending* June 30, against £3.49m. **Page 20**

● **HONGKONG and Shanghai Banking Corporation** reported first-half profits sharply up at HK$890.69m (£62.5m), against HK$514.02m. Dividend will be increased. **Page 24; Lex, Back Page**

● **PHILIPS**, the Dutch electrical group, reported half-year net profits of Fl 190m (£37.2m), against Fl 209m, *in spite of an increase in the second quarter.* **Page 23; Lex, Back Page**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			Land Securities	330	— 5
Douglas (Robert M.)	120	+ 7	Lloyds Bank	410	— 8
Fairclough Constrn.	139	+ 4	MEPC	240	— 5
Fife Forge	82	+ 6	Metal Box	168	— 6
M.L. Holdings	318	+ 8	Paterson Zochonis	120	— 5
Restmor	102	+ 14	Philips Lamps	437	— 30
Solicitors' Law	26	+ 4	Racal Electronics	450	— 15
			Thorn EMI	465	— 12
FALLS:			Tilling (T.)	173	— 6
Treasury 12pc 1986	£90½	— [illegible]	Turner and Newall	83	— 5
Treasury 14pc 1996	£92	— 1¼	Union Discount	460	— 15
Associated Dairies	158	— 6	LASMO	575	— 10
BAT Inds.	378	— 9	Sirata Oil	58	— 4
Beecham	216	— 8	Malakoff	93	— 5
Crouch Group	126	— 6	Buffels	£18½	— 1½
Distillers	204	— 6	Cons. Gold Fields	503	— 14
Energy Resources	510	— 40	De Beers Defd.	384	— 11
GEC	775	— 10	Kloof Gold	£16	— 1
Hill (C.) of Bristol	135	— 12	Poseidon	240	— 10
HK & Shanghai Bkg.	152	— 4	Pres. Steyn	£16½	— 1¼
ICI	270	— 10	Rustenburg Plat.	283	— 27

Full-scale war fear in Angola as South Africans attack

BY MARK WEBSTER

TWO LARGE South African armoured columns struck deep into Angolan territory over the border from Namibia yesterday, raising fears of a possible full-scale war involving the Cuban forces in Angola.

In Luanda, the Angolan *capital, it was claimed that* South African troops, backed up by an armoured column of 32 tanks and 82 other vehicles, entered the country on Monday after heavy *bombardment* of their planned route by the South African Air Force.

Defence Department officials in Pretoria refused to comment on the Angolan charges, but latest reports indicate that South Africa has launched a *major operation* to wipe out bases belonging to Swapo, the South-West Africa People's Organisation, which is fighting to end South African control *over Namibia.*

Warning of a major operation was given earlier this month by Gen Charles Lloyd, the South African commander in Namibia.

He said that his country's forces were preparing for "a more serious war" against the Angolan-based guerrillas. "If Fapla (Angolan forces) along *with Cubans, begin to protect* Swapo, we will unavoidably have to cross swords."

Angop, the Angolan news agency, said it was the biggest South African build-up in Angola since the abortive South African invasion in 1975 during the Angolan civil war.

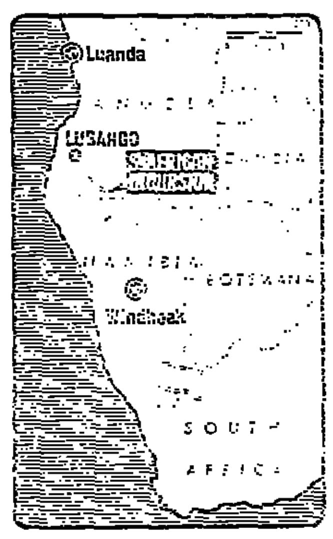
The news agency said that one South African column fought Angolan troops near Xangongo, *about 90 miles from the* Namibian border. The second occupied the village of Chatequero, also 90 miles inside Angola, and clashed with Angolan forces.

The Angolans said South African Mirage and Buccaneer bombers hit and destroyed the town of Cahama and the Chibemba commune.

All the targets lie along the main tarmac road to Lubango, capital of Huila Province where the South Africans believe the Swapo HQ is.

Defence headquarters in Pretoria said that operations were "continuously" carried out across the frontier in follow-up operations against Swapo. Military analysts there said it was clear that South *Africa was engaged in a large-scale* push against guerrilla bases.

President José Eduardo dos Santos of Angola reacted to the South African incursion by sending a telegram to Dr Kurt Waldheim, UN Secretary-General, saying that South Africa's action "could provoke a war with unforeseeable consequences."



He said Angola might invoke Clause 51 of the UN Charter, which allows countries to invite military aid from other nations to defend themselves, a clear reference to the estimated 17,000 Cuban troops stationed in Angola since their involvement in the 1975 civil war.

The South African Ambassador to the U.S. was expected to be summoned to see Mr Chester Crocker, U.S. Under-Secretary for African Affairs, today.

The U.S. State Department said that reports of the fighting had not been confirmed, but the U.S. would "clearly deplore an escalation of violence in that area."

Another U.S. official said the fighting would obviously be a blow to efforts by five Western nations to bring about a peaceful solution in Namibia.

He admitted that friendly overtures by the U.S. Administration to Pretoria might have *given the impression that* South Africa could hit her enemies "at liberty."

The Foreign Office recalled that earlier this month Sir Ian Gilmour, then acting Foreign Secretary, warned the South African Ambassador in London that recent extension of the fighting could lead to more involvement by Soviet and Cuban troops.

The Cuban forces in Angola have held back from direct confrontation with South African troops, who have regularly entered Angola this year in pursuit of Swapo guerrillas.

Background, Page 3
Editorial Comment, Page 18

Jobless total up 88,400 in past month to 2.94m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

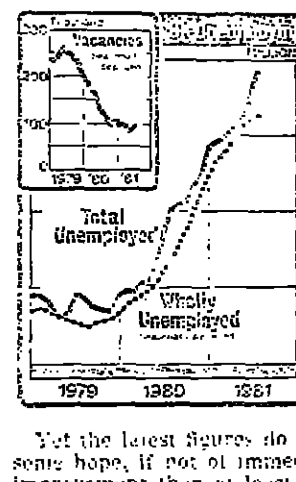
OVERALL unemployment in the UK has risen to close to 3m *in the past month, although the* growth of the adult total has slackened considerably since spring and vacancies have risen for the second month running.

Department of Employment figures published yesterday show that the number of adults out of work in the UK rose by 44,100 in the month to mid-August to 2.63m, *seasonally* adjusted. This is equivalent to 10.9 per cent of the workforce.

There is normally a seasonal rise in adult unemployment of just over 50,000 in August. So even after allowing for a drop *of 8,000 to 278,000 in the number* of school leavers without a job, the overall "headline" total rose by 88,400 to 2.94m, or nearly one in eight of the workforce.

The Government now faces the political problem of the total exceeding the emotive 3m level either next month, just before the main party conferences, or in October, just after Parliament reassembles. Ministers will no doubt be keen to produce at least some indication of the next instalment of the employment package in time for the Tory conference.

The unemployment outlook is undeniably gloomy. The total *is the highest for more than 50* years and the percentage rate is well above the international average.



Yet the latest figures do offer some hope, if not of immediate improvement then at least of a *slower deterioration.* This is in line with other evidence that output has stopped falling.

The rise in unemployment in the past month may have been *higher than the increases of* 37,700 and 30,000 respectively in the previous two months but the August period covers five weeks. Officials therefore believe that there has been no change in trend back to acceleration.

The rise in the adult total in the three months to August averaged 37,300 compared with 75,000 in the spring and 115,200 last December.

Continued on Back Page
Government attacked over jobless, Page 8
Editorial Comment, Page 18

U.S. inflation figures hit Wall Street

BY IAN HARGREAVES IN NEW YORK

THE U.S. GOVERNMENT *yesterday reported the country's* worst monthly inflation figures since March 1980 and prices on Wall Street fell dramatically in response.

The Commerce Department said that in July consumer prices rose a seasonally adjusted 1.2 per cent over June, after gains of well under 1 per cent for each of the four preceding months.

Wall Street, where forecasters had predicted a July increase of between 0.7 and 0.9 per cent, took the figures as a further omen of higher interest rates and marked down stock and bond prices sharply for the second consecutive day. Near the close the Dow Jones average of industrial shares was down 4.18 at 895.93 after being seven points down at one time.

Stocks continued their Monday retreat in moderately brisk trading. High interest rates make stock a relatively less attractive investment and *increased fears of a weakening* in the economy, which would further hurt corporate profits.

The U.S. Government, however, responded to inflation figures with a dogged reiteration of its view that inflation for the whole of 1981 would not exceed 9.9 per cent.

A setback in the bond and stock markets was "a temporary state of mind," a White House statement said. It was released in Santa Barbara, California, where President Ronald Reagan was yesterday meeting senior economic aides. *The statement repeated a forecast* by Mr Donald Regan, the Treasury Secretary, that the prime lending rate, currently 20.5 per cent, would be close to *15 per cent by the end of the* year.

A number of Wall Street economists agree with the White House. Morgan Guaranty, for example, has not changed its forecast of a 7.5 per cent *increase in consumer prices for* 1981 as a result of yesterday's figures.

The surprise of the July consumer price index was in the housing component, which showed a 1.6 per cent increase. That component in turn contains a surprisingly sharp increase in house prices, which some price economists feel is a statistical aberration.

There was also an expected strong increase in food and transport costs in July. Food and beverage prices rose by 0.8 per cent, reflecting higher wholesale meat prices and transport costs rose 0.8 per cent.

Big increases in public transport fares in major cities were responsible for part of this increase. Medical care costs, a relatively small part of the CPI, rose by 1.3 per cent in July.

During the first half of this year, the CPI rose at a seasonally adjusted annual rate of 8.5 per cent, so there is room for some modest deterioration in the figures in the second half before the White House forecast is in jeopardy.

Three factors underlie this optimism about the rest of the year. Good harvests should take pressure off food prices; the disarray in Opec and the world oil glut are expected to keep energy prices steady. Housing costs, although very high, are unlikely to be forced much higher by mortgage rates, which are already at record levels.

Girobank to expand in the regions

By Our Banking Correspondent

NATIONAL GIROBANK, the banking arm of the Post Office, plans to create nearly 2,000 new jobs over the next five years. It intends to open seven regional branches which will increase its staff by over a third to around 7,000.

The move is the biggest expansion since the bank was started 13 years ago. Up to now, it has been based in Bootle in Lancashire, except for a small office in the City. However, the bank is planning a major thrust into the provinces in an attempt to get closer to its customers. It is also upgrading its City facilities following its decision earlier this year to join the

Continued on Back Page

£ in New York

	Aug. 24	Previous
Spot	$1.8420-8445	$1.8930-8960
1 month	0.90-0.97 pm	0.95-1.02 pm
3 months	2.28-2.38 pm	2.10-2.20 pm
12 months	6.45-6.65 pm	6.20-6.40 pm

FT correspondent faces trial in Turkey

ANKARA—Mr Metin Munir, the Ankara correspondent for the Financial Times and the Turkish service of the BBC, will go on trial next month on unspecified charges, an *Ankara prosecutor said yesterday.*

Mr Munir learned of the pending legal action in a summons delivered to him yesterday. *It directed him* to appear before an examining magistrate on September 17. The magistrate would decide whether the case *should be heard before a full* civilian court.

An Ankara civilian prosecutor, who had questioned Mr Munir last month, confirmed *that a case had been opened* against Mr Munir and that he would be tried.

Mr Munir said the summons did not list any charges and *that a space on the document* had been left blank.

The prosecutor questioned Mr Munir last July about a broadcast he made concerning a letter circulated among foreign correspondents in Ankara by an unidentified Turkish group. The letter said *the Turks were banding* together to take revenge against Armenians who have been killing Turkish diplomats abroad.

Mr Munir's dispatch was played back into Turkey by the BBC in its Turkish language service last December.

The trial of Mr Munir, who holds a Greek Cypriot passport, would be the first of a foreign correspondent in recent history.

Mr Munir's lawyer said that because he was to be tried in a criminal court reserved for serious civilian crimes he must be sentenced to no less than five years in jail if found guilty.

AP

Dollar recovers week's losses

BY DAVID MARSH IN LONDON AND STEWART FLEMING IN FRANKFURT

THE DOLLAR climbed further yesterday against sterling and other major currencies as fresh fears of higher U.S. interest rates swept *the foreign* exchange markets.

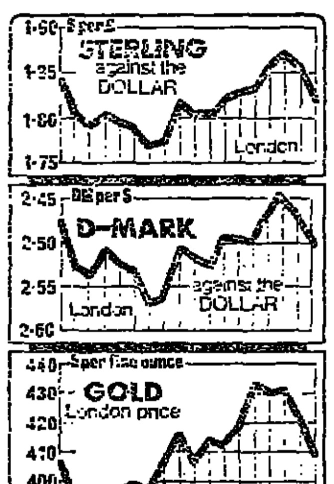
Recovering all last week's losses, the dollar surged past the DM 2.50 level amid hectic trading in Frankfurt. *This was* despite intervention from the West German central bank, which sold $39m at the midday fixing.

It closed in London at DM 2.5030 against DM 2.4725 on Monday, after touching DM 2.52 at one stage.

Sterling fell 3.65 cents to *close at $1.8235, down again to* the lowest levels of last week. It also lost ground against Continental currencies, and its trade-weighted index dropped *sharply* to 91.3 from 92.4, according to Bank of England calculations.

Interest rate worries depressed the London gilt-edged market, where long-dated stocks finished up to £1 lower.

After the lull last week, when *optimism* grew that dollar interest rates were at last starting to fall, the international financial markets have swung back to the gloomy view that *the American credit squeeze is not yet over.*



Above all, this reflects concern on the U.S. bond markets about the size of the Reagan Government's borrowing needs.

Adding to the pessimism, yesterday's announcement of a *surge in U.S. consumer prices* in July strengthened dealers' belief that the Federal Reserve Board would keep money tight.

Three-month Eurodollar interest rates rose ½ to 19½ per cent, while the six-month rate was up ⅞ to 19½ per cent.

Gold suffered from the dollar's firmness, closing $10.5 lower in London at $409.5 an oz. This followed an $11 drop on Monday. At one point yesterday it touched $405.

Last week dealers were saying that the 19-month bear market in bullion was over. "But now that U.S. interest rates are *edging up again*, all of last week's euphoria has evaporated in a twinkling" said one London dealer.

Other currency casualties included the French franc, which fell to FFr 6.01 against the dollar from FFr 5.9125; and the yen, *which closed at* Y230.25 (Y228.4).

Money markets, Page 26
Lex, Back Page

CONTENTS

For latest Share Index phone 01-246 8026

PUBLIC TRANSPORT HALTED IN RADOM

Polish officials target of new strike

BY LESLIE COLITT IN WARSAW

PUBLIC TRANSPORT workers in Radom, in central Poland, went on strike for an hour yesterday at the start of a fresh campaign demanding the punishment of officials responsible for reprisals against workers who took part in the city's food price riots in 1976. The strike formed part of a series of labour disputes over economic and political issues throughout Poland.

A Solidarity union spokesman in Radom said more than 100 buses were involved in yesterday's protest strike. The union has threatened further protests, including a regional public transport stoppage on Friday and a general strike next month, if the officials are not brought to justice.

Union members are also demanding compensation for those injured during the 1976 riots, reinstatement in their jobs and publication of the facts surrounding the disturbances.

In a separate dispute, Solidarity members at the giant Huta Katowice steel mill printed ballot papers for a referendum among workers on whether to dismiss Mr Stanislaw Bednarczyk, the plant director. He shut Solidarity's printing press at the mill because he said it published anti-Soviet caricatures.

The vote is to be taken before the end of this month. Solidarity is pushing forward with its demand for workers' councils in factories and offices which would have the right to appoint and dismiss managers.

The main evening news on television devoted its first three reports to strikes or threatened strikes in the country. One of them is the printers' strike in Olsztyn which halted publication of the regional Communist Party newspaper for the eighth day. However, the party has been printing an emergency edition at a plant outside the city.

The printers are demanding a public correction by Polish television of a report which said the printers had coerced non-union colleagues into staying away from work.

The Polish news agency reported that a group of private farmers in the Bydgoszcz region broke into a state farm in the village of Sielec and planted five hectares of ploughed land with rye.

According to the account, the group, led by Mr Zbigniew Gedowski, a representative of the Rural Solidarity regional board, moved on to the nearby village of Krusliwiec where they hastily ploughed three hectares belonging to the local state farm.

The Public Prosecutor is said to have launched an investigation. The Government recently announced that private farmers would be granted the same rights and would be treated equally with state farms.

Paris tries to repair its image with Arabs

By David Housego in Paris

THE NEW French Administration will be trying hard in a busy calendar of diplomatic contacts over the next few days, to dispel Arab fears that it is less committed to the Arab cause than was the previous Government.

M Claude Cheysson, the foreign minister, embarks on a visit to Lebanon, Jordan and Syria on Friday in the course of which he will probably meet Mr Yasser Arafat, leader of the Palestine Liberation Organisation. The last time a French Foreign Minister saw the head of the PLO was in 1974.

King Hussein of Jordan and the Sheikh of Qatar, both on private visits, will be seeing President Francois Mitterrand today.

In an interview yesterday, M Cheysson strove to rebut remarks by the PLO representative in Paris that there had been a "small step backwards by France" in its views on the Palestinian problem. The minister said France was no less committed to the Palestinian people than it had been under previous governments.

In Arab eyes, however, President Valery Giscard d'Estaing was seen as a firm supporter with whom they concluded lucrative arms and commercial contracts while President Mitterand's initial sympathies were seen to lie with Israel.

More concretely there has been a shift in French policy towards support of the Camp David peace approach rejected by most Arab states and away from the emphasis on an overall settlement of the Palestinian issue to which M Giscard lent his weight.

France is also seen to have moved from implied recognition that the PLO was the sole representative of the Palestinian people, though the Foreign Ministry claimed yesterday that this had never been the official French position.

In going as far as to negotiate the details of a meeting with M Arafat, M Cheysson has already moved far from his declaration on taking office that those seeking to destroy Israel could not be the "intermediaries of peace, at least until they change their policy."

M Cheysson's planned talks with Mr Arafat—the hitch appears to be a PLO request that they should be at its Beirut headquarters—are seen as a soothing gesture and are unlikely to achieve concrete results or advance the European peace initiative in the Middle East.

France's major effort to restore close links with the Arab world will come with President Mitterrand's state visit to Saudi Arabia next month. By then, it should also be clearer whether the Socialist administration will encourage arms sales to the Middle East to the same extent as its predecessor—in defiance of its principles but in support of much needed foreign exchange to diminish the trade deficit.

Bonn coalition at odds as budget talks reach climax

BY ROGER BOYES IN BONN

WEST GERMAN Government deliberations over the 1982 budget are in a crucial final phase, but the coalition partners still seem at odds on how to stimulate employment while cutting public spending.

Herr Hans Matthoefer, the West German Finance Minister and Social Democrat, has announced that the final DM 1.5bn (£326m) of spending cuts has been achieved.

Bonn set out a month ago to trim some DM 18bn from the 1982 budget and reduce sharply the need for public borrowing. A week of talks in July brought DM 14.4bn and ministers have been trying to raise a further DM 4bn over the past month through departmental cuts.

This operation appears to have been successful but the coalition is faced with the problem of how to foster employment—the July jobless figure was the worst for over 20 years—while not negating the effects of spending cuts.

Discussions yesterday between Herr Matthoefer, his Social Democrat colleague Herr Herbert Ehrenberg, the Employ- Minister, and Count Otto Lambsdorff, the Economics Minister who is a member of the smaller coalition party, the Free Democrats—showed the problems this was creating.

Herr Matthoefer opposes a supplementary tax on income aimed at raising money for job-creation, but would accept the idea of doubling the tax on heating oil and possibly raising the tax on gas.

Herr Ehrenberg continues, however, to back the idea of a supplementary income tax and favours scrapping the special government premium for savings savers. This latter incentive has been made unnecessary, he argues, because of high interest rates—and the money would be better used to create jobs.

Count Lambsdorff opposes any tax increase—whether in the form of supplementary tax or heating oil tax—and favours a reliance on tax relief for industrial sectors, especially in growth areas such as microelectronics and energy saving.

Herr Hans Dietrich Genscher, the Free Democrat chairman, has also called for a further review of social welfare and unemployment benefits.

An ideological gulf remains between the Social Democrats, many of whom want direct stimulation of the economy, and the Free Democrats, who focus on individual initiative.

Balsemao to form cabinet

By Diana Smith in Lisbon

THE PORTUGUESE Social Democratic leader, Sr Francisco Pinto Balsemao, was asked yesterday to form a new Government. He is expected to announce his new Cabinet to President Antonio Ramalho Eanes within 10 days, allowing the Government to be sworn in early next month.

Sr Balsemao is returning as Prime Minister after defeating right-wing adversaries in his own coaltion of Social and Christian Democrats and Monarchists, whose criticism originally led him to resign.

This is widely regarded as the last chance for the coalition which faces enormous problems. The economy, straining under high inflation and a balance of payments deficit that could reach $1.8bn by December, requires urgent attention. The left-wing opposition, however, has said it will do everything it can to make life difficult for the Government.

Observers feel that if the showdown between Sr Balsemao and hardline adversaries in his own party and among Christian Democrats can ensure clearer political definitions for the alliance, it can hold its own until the scheduled general election in 1984.

Torn posters of Ayatollah Khomeini litter the steps of Iran's embassy in Brussels.

Iran embassies occupied

BY LARRY KLINGER IN BRUSSELS

IRANIAN STUDENTS opposed to Ayotollah Khomeini yesterday briefly occupied the Iranian embassies in Belgium and the Netherlands. The actions followed an attack on the Iranian embassy in Stockholm on Monday in which 30 anti-Khomeini students held the ambassador hostage for four hours before police rescued him.

In Brussels, less than 20 unarmed students occupied the embassy for under an hour before leaving peacefully with the police.

They were apparently of no single political persuasion, but united only in their opposition to the Khomeini regime. Embassy officials blamed the incident on the "U.S.-supported and co-ordinated" agitation by Mr Abolhassan Bani-Sadr, the former Iranian President exiled in France.

In contrast to the Swedish incident, yesterday's occupation in Brussels ended peacefully with little damage.

The incident at Iran's embassy in the Hague also lasted for less than an hour and a locked door prevented the students penetrating further than the entrance hall. Mr Ebrahim Khorrami, the Second Secretary who is in charge during the ambassador's absence, escaped through a window. Police said the students daubed the entrance with paint.

● The Belgian Government is drafting a reply to a Yugoslav protest criticising the Belgian authorities for alleged failure to provide adequate police protection for diplomats.

Van Agt resigns party post

By Michael Van Os in Amsterdam

THE DUTCH Prime Minister-designate, Mr Dries van Agt, has resigned as parliamentary leader of his Christian Democratic Party. This means he is no longer the party's negotiator in the current coalition talks.

In a letter over the weekend, Mr van Agt said there was no point his remaining as negotiator since the party appeared split over forming a coalition with the Labour and Democrats 66 parties.

The party has dropped this option because Mr van Agt earlier threatened to resign as leader and Prime Minister-designate if it were pursued further. Nevertheless, he pointed out in his letter that a majority in the party still supported such a left-of-centre coalition.

Mr van Agt suggested in his letter that his influence as negotiator had suffered too much but he added that he was still ready to become Premier in a left-of-centre government if the terms were right.

He would only be interested in the position on the basis of a new social and economic programme which would involve drastic cuts in public spending as the main way of improving the ailing national economy.

The Christian Democrats have appointed Mr Ruud Lubbers, their parliamentary vice-chairman and former Economics Minister, to replace Mr van Agt temporarily as leader in Parliament until a definite decision is taken later this week or early next.

Mr Lubbers was among those Christian Democrats ready to accept a coalition with Labour but who voted against the compromise which retained Mr van Agt as leader.

The party's new negotiator, Mr Wilhelm de Gaay Fortman yesterday continued attempts to reach agreement on a coalition. Speculation is mounting that he may try to put together a Government which might exclude both Mr van Agt and Mr Joop den Uyl, the former Socialist Premier.

Norwegian oil strikers divided

By Fay Gjester in Oslo

PRODUCTION WORKERS on strike in the Ekofisk and Frigg oilfields, in Norway's part of the North Sea, returned to work yesterday morning after a hastily-called cabinet meeting ruled that their wage dispute should be submitted to compulsory arbitration.

Strikers on the third Norwegian field, Statfjord refused to return to work in spite of an order from hteir union to do so.

The Government said the rebels—about 30 men—would be made economically responsible for the losses involved. A day's oil production from Statfiord, about 200,000 barrels, is worth several million dollars.

Minister reveals plan aimed at ending the Midi 'wine war'

BY DAVID WHITE IN PARIS

A PLAN for a set of joint Franco-Italian proposals aimed at ending the Midi "wine war" was revealed yesterday by Mme Edith Cresson, the French Agriculture Minister.

The hope of a friendly solution to the dispute, which has provoked sabotage of Italian wine imports to France and commercial reprisals by the Italians, was raised on the eve of an EEC wine management committee meeting in Brussels.

Mme Cresson said in an interview with the Socialist daily Le Matin that Paris and Rome had decided to form a working group in order to present joint proposals to Brussels.

She indicated that these would include incentives to encourage more distillation of low-quality wine. The EEC has already approved an increase in the amount scheduled for distillation in a bid to lessen the pressure on the French market.

Mme Cresson said a tighter definition was needed for the product and that the wine market, as well as the fruit and vegetable market, had to be reorganised.

If the European Commission had "done its work" and enforced the minimum price sought by France, the present crisis would never have arisen, she said.

The French Government appears to have succeeded in getting the support of southern winegrowers more fully behind it. About 100 producers' representatives at a meeting near Montpellier expressed satisfaction with the Government's stance in the face of criticism from Brussels, especially about the blocking of Italian imports.

The meeting was called to discuss the impact of recent measures on growers in the Languedoc-Roussillon region, following three "crisis cell" meetings in Paris between producers and Government officials.

However, the local "action committees" which were behind the sabotage protests have still to meet and may take a more cautious line.

The Government's planned measures include promotion of higher-quality wines to replace the low-strength Midi produce which requires an admixture of Italian or other strong wine. A special tax is to be imposed on these mixed "vins de coupage."

About 300,000 hectolitres of Italian wine yesterday remained blocked in the Mediterranean port of Sete awaiting clearance by French customs, despite the European Commission's demand last week that the wine be released.

Mme Cresson said "a certain number of documents" on the shipments were still missing.

"We are wating for matters to become clearer and to have the necessary information to make a decision," she said.

Fears of Italian disorder grow

BY RUPERT CORNWELL IN ROME

SERIOUS DISORDER is feared in the southern Italian wine industry, which is caught between overproduction at home and the refusal of France, a major export outlet, to accept imports held in customs.

A flashpoint could be the Puglia wine producing centre of Barletta in south-eastern Italy.

On Monday night growers protesting at the poor prices offered and the absence of adequate support and intervention mechanisms, occupied the town hall. Yesterday, incidents were reported of lorryloads of grapes being unloaded in the streets, and of roads being blocked.

At the same time, the authorities in the western Sicilian town of Marsala have called a 24-hour general strike for September 5 in protest at the unbending line of the Paris Government, which, they insist, is in blatant defiance of EEC rules.

The Marsala region is thus far the main victim of the French measures. After the original incident of a fortnight ago, when a cargo was destroyed, further shipments from Marsala to Sete, in southern France, have been halted.

These developments are putting pressure on Rome to take effective reprisal measures against Paris, if it obtains no tangible results from the Common Market talks on the issue, due in Brussels today.

The indications last night were that the Italian authorities would step up exhaustive customs checks on French foodstuffs arriving at the frontier.

The products most affected would be milk, both liquid and powdered, and meat, especially veal. In 1980, France had a surplus of about $1.5bn on its agricultural trade with Italy, and thus stands to suffer if the Italians take counter measures.

Spain's regional elections put devolution to the test

BY ROBERT GRAHAM IN MADRID

THE SPANISH government has finally fixed October 20 as the date of elections for new regional parliaments in Andalucia and Galicia. In both regions there have been accusations that the government has delayed the elections in order to clarify its own devolution policy and to drain some of the vigour from growing movements for regional autonomy.

The two sets of elections will absorb the energies of Spain's major political parties after the summer holidays. They will provide the first real indicator of support for the ruling Union de Centro Democratico (UCD) of Sr Leopoldo Calvo Sotelo since he took office in the wake of the abortive February coup. Just as important, they will also demonstrate whether or not the regional parties can continue to make gains at the expense of the national parties.

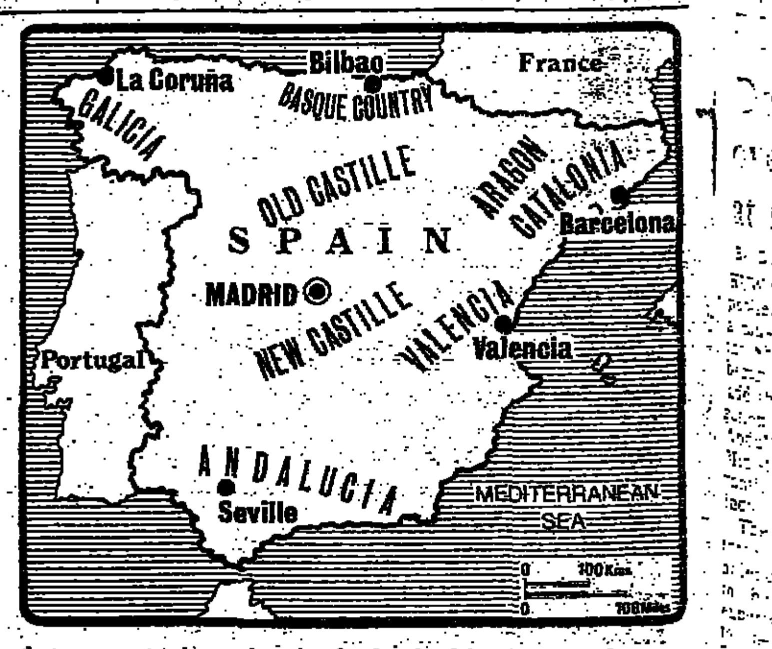
One of the most striking political features of the post-Franco era in Spain has been the growing support for regional parties. This has been primarily evident in the Basque country and Catalonia, where strong regional parties have been a historical feature of local politics and whose regional parliaments were elected last March. But it has also been a phenomenon of other regions without such established traditions — like Andalucia and Galicia.

The trend towards regionalism poses a serious threat to the hegemony of the national parties, especially the UCD and the Socialist Party, which have been the main losers so far. It has also made the government often dependent on the support of the maverick votes of the Basque, Catalan and Andalucian deputies to pass its own legislative programmes.

Under the terms of devolution now agreed, all 16 regions in Spain will be entitled to an elected parliament. Their deputies will not receive a full-time salary, only allowances to cover expenses. Where possible, the national parties would like to be in a position to dominate not just the Madrid parliament but all the regional parliaments as well.

Ironically, the military have proved a significant if unsolicited ally for the Socialists and UCD. When the devolution process began, the military made no secret of their fears that the sacred unity of Spain was breaking up. Military apprehension that concessions granted to the Basques and Catalans were sliding Spain towards de facto federalism helped provoke the abortive February coup.

Although there may have been no negotiations with the military over regional autonomy in the wake of the coup, an implicit understanding appears to have been reached that the process should be rationalised and limited. The government at the same time has found it easier to bring the regional parties more into line, pointing out to them the risks of renewed pressure from the military if their demands should go too far.



Significantly, the Basque and Catalan nationalists have made what seem to be only ritual protests against two important pieces of legislation approved earlier this month. These laws offer a belated design for a more rational approach to regional devolution—and are the result of an agreement reached between the Socialists and the UCD which virtually ignored everyone else. They establish a uniform framework in which limited powers of fiscal control, local planning and development, social welfare, education and culture are devolved by the central government. They further provide for a special compensation fund to offset regional imbalances of resources.

And to underline the desire of the national parties to dominate the regional parliaments, elections for the latter will be held simultaneously with national elections. Such legislation — and the pact between the Socialists and UCD to achieve it—would have been most unlikely prior to the coup attempt.

Nato issue complicates defence treaty talks with U.S.

BY OUR MADRID CORRESPONDENT

SPAIN AND the U.S. have tacitly accepted that re-negotiation of a bilateral defence treaty will not be completed before the existing one expires on September 21. Moreover, with the Spanish Government's desire for accelerated entry into Nato, the treaty negotiations are becoming increasingly enmeshed in the issue of joining the Atlantic Alliance.

These were the two main impressions that emerged yesterday as officials began a fifth round of talks here.

The defence treaty, signed in 1976, has been Spain's principal defence arrangement, dating from an earlier treaty in the fifties. It has permitted the U.S. to use the airbases of Torrejon near Madrid and at Saragossa and retain air and naval facilities at Rota near Cadiz where nuclear submarines were based until 1979. There have also been a number of radar and surveillance facilities available to the U.S.

The Spanish maintain the 1976 agreement was a wholly unequal arrangement signed under great pressure at an awkward moment just after Gen Franco's death. Many politicians believe Spain mortgaged the country to act as a sort of aircraft carrier to U.S. interests, obtaining very little in return.

It was against this background that the Suarez Government last autumn first considered renegotiating the treaty. The U.S. indicated it would rather consider any new treaty relationship in the context of Spanish membership of Nato. It argued that this was both a more open and easier form in which to incorporate Spain into Western strategic planning — something keenly sought by democratic Spain.

However, the Spanish insisted on separating the issues and dealing first with renegotiating the treaty. No talks were begun until last June by which time the Reagan Administration seemed less disposed to separate the issues.

In the previous rounds, the Spanish apparently have presented detailed demands, including very substantial aid in new and highly sophisticated weapons purchases plus offset arrangements and technology transfers. The U.S. has been reluctant to enter such commitments until it sees which way the Nato debate goes inside Spain.

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Kuwait delays oil price decision

By James Dorsey in Kuwait

KUWAIT is closely monitoring how hard-hit members of the Organisation of Petroleum Exporting Countries (Opec) will adjust to market conditions following the failure last week to reach agreement on a unified oil price structure. A final decision on short-term Kuwaiti oil production and pricing policy hinges, according to officials, on whether other Opec states lower their oil prices.

Following a Cabinet meeting on Sunday, Kuwait announced that its production and pricing policy would remain unchanged. But officials expect Nigeria to lead a reduction in prices. Analysts say that Nigerian output last week was between 600,000 and 700,000 barrels a day (b/d), but has dropped this week to approximately 500,000 b/d, with Shell, Gulf and Elf the largest customers.

They point out that Kuwait is finding it increasingly difficult to interest clients in its oil—now priced at $35.50 per barrel, sometimes including a premium of approximately $5.50. Kuwait, with a production ceiling of 1,250,000 b/d, has already been forced to lower its production to about 800,000 b/d. Production in the neutral zone between Kuwait and Saudi Arabia is said to have dropped from 250,000 to 100,000 b/d.

Analysts say that Nigeria is the key to a series of oil-price reductions. Should Nigeria, as expected, lower its price to $35, Algeria will have little choice but to follow, which in turn is expected to affect the smaller Gulf producers, particularly Kuwait and Qatar.

Kuwaiti officials fear that the continued differences within Opec may lead to its demise. "Saudi Arabia did everything it could to achieve an agreement," said one official, pointing to Saudi offers to raise its base rate to $34 per barrel and the Saudi cut in oil production by 1m b/d.

But analysts feel that Saudi Arabia is now about to escalate the confrontation within Opec. The Saudi Minister of State Mr Mohammed Ibrahim Masoud warned on Sunday that if other Opec countries did not voluntarily lower their price to $34, they would be forced to do so.

Both diplomats and oil analysts argue that Saudi Arabia's attitude towards Opec and the eight-point Middle East peace plan recently announced by Crown Prince Fahd, are closely intertwined. But Kuwait fears that Saudi Arabia is gambling, "like President Sadat of Egypt did."

Officials say that the announcement of Prince Fahd's peace plan and the Saudi Opec policy, which is defended as a gesture towards the West and the U.S. in particular, has created enormous Saudi and Arab expectations — expectations which Saudi Arabia's rulers cannot guarantee will be fulfilled by the U.S.

Doubts grow over fire at refinery

By Our Foreign Staff

KUWAITI officials have publicly ruled out sabotage as a cause for the huge fire in the Shuiabah refinery, which begun last week. Oil officials add that a ministerial investigation committee, headed by Abdullah al Dakheel, the Minister of Public Works, "until now" has found no indication of sabotage.

The fire, which began in three oil tanks and spread to at least five others, is now said to be under control. Oil experts estimate the damage to be approximately $7m. Diplomats and oil analysts cite a number of indications that the fire may have been caused by something more than an accident.

● Kuwait's Cabinet discussed the fire this weekend twice, once on Saturday during an extraordinary session and again on Sunday at the weekly meeting.

● The Prime Minister, Crown Prince Sheikh Saad Abdullah and the Oil Minister, Sheikh Ali Khalifa, spent most of Tuesday night at the refinery.

● Diplomats quote members of the investigation team as distinctly not excluding the possibility of sabotage.

● Senior Kuwait Government officials say privately that they would hold Iraqi President Saddam Hussein responsible in the case of sabotage.

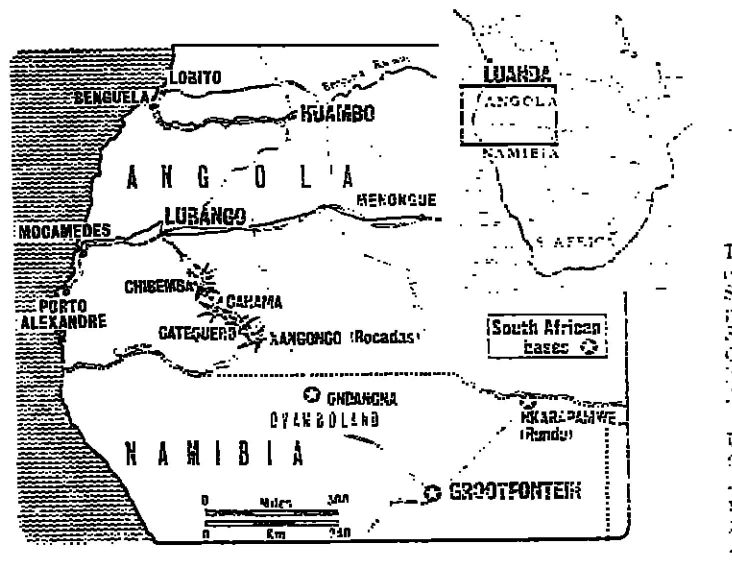
Relations between Kuwait and Iraq are described by officials as "on the surface good, but deep down, bad." They point out that President Saddam approached several unnamed French firms three months ago with a request to survey the Kuwaiti island of Bubiyan for construction of an Iraqi naval base.

The request was turned down by the French because Kuwait did not authorise the survey.

The breakdown in negotiations over independence for Namibia has accelerated the danger of war, FT writers report

S. Africa strikes at Cuban target

BY JOHN STEWART IN CAPE TOWN



WHILE South Africa has not confirmed reports that its forces have penetrated well into Angola in the past two days, the news should not come as a surprise. The danger of intensification in the 14-year-old war of independence on the Namibia-Angola frontier mounted sharply after the breakdown of the Geneva "pre-implementation conference" in January this year. Since then diplomatic attempts to revive the Western sponsored Namibian settlement initiative have come to nothing.

Since the beginning of August there has been an unprecedented build-up of tension between Pretoria and Luanda. Last month, it was reported that South African armed forces killed 114 guerrillas of the Southwest Africa Peoples Organisation (Swapo), which operates from bases in southern Angola.

On August 10 Major-General Charles Lloyd, officer commanding the South African forces in Namibia, announced that South Africa was preparing "psychologically, militarily and logistically for a more conventional war against forces superior to those of Swapo."

Gen. Lloyd said South African security forces had information that an early warning radar system and ground to air missiles had been installed around Lubango and Mocamedes in southern Angola.

He added that the Angolan Government seemed to have decided to strengthen its support for Swapo. He said the South African security forces expected Angola to try to do this by deploying some of the 17,000 Cuban troops already stationed in the country in the south. This would make it difficult for the South African forces to operate against Swapo.

Gen. Lloyd said hot pursuit operations would continue until Swapo's military wing was destroyed, adding that if South Africa were forced to operate against Cuban and Angolan troops, it would have to be a more conventional type of war than had been waged against Swapo in the past.

In what was seen as an attempt to modify Gen. Lloyd's statement, the South African Minister of Defence, Gen. Magnus Malan, issued a statement the following day denying that South Africa's military strategy was being directed at Angola, but adding that Swapo forces were relying increasingly on the co-operation of Angolan forces and Cuban instructors.

A few days later Sir Ian Gilmour, British acting Foreign Secretary, sharply reprimanded the South African Government, saying that its policies threatened to involve the Soviet Union and Cuba more deeply in southern Africa.

A South African Defence Force spokesman yesterday denied an Angola charge that South African aircraft struck last week into Angola or that its troops were preparing to invade the country.

The spokesman said South Africa did not seek war with Angola and had never attacked

Angola pays the price for backing Swapo campaign

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

THE ANGOLAN Government of President Jose Eduardo dos Santos is once again paying the price for its support for the South West Africa Peoples Organisation (Swapo), which has been fighting to end South African control of Namibia.

Since the breakdown of United Nations peace talks in Geneva early this year southern Angola has been subjected to relentless South African air and ground attacks on Swapo and Angolan targets.

In the early 1970s Angola was the second richest African country, behind only South Africa in terms of GNP per head. But now, six years after independence from Portugal, its Mediterranean-style capital, Luanda, has a run-down look, there are empty shops and frequent queues for food.

The large iron-ore operation at Cassinga is moribund and exports of iron have dried up, as have those of coffee. The maize crop has just been devastated by a drought. Fisheries are largely exploited by Soviet factory ships. The Minister of Agriculture is on record as lamenting that, though the country has some of the largest forest reserves in the world, it may soon have to import wood for coffins.

The Benguela railway, which runs to the copper-rich province of Shaba in Zaire, is frequently cut by guerrillas of Unita, a Pretoria-backed group which lost power in the civil war after independence. At the same time, the country is also suffering from a lack of managerial expertise.

However, despite the Marxist-style Administration, a private sector continues to operate, with Land Rovers, for instance being assembled there. Further, the country has been welcoming foreign oil companies.

The main company remains Gulf, which produces 100,000 barrels of oil a day, offshore from the Cabinda enclave, separated from the main body of Angola by a band of Zairean territory.

Other oil companies involved include Fina, which has a joint operation with the Angolan Government, and Total and Elf Aquitaine which were awarded offshore concessions last year.

Oil and diamonds account for four-fifths of Angola's exports of about £1bn per year and ensure the country runs a small trade surplus.

Luanda's handling of foreign companies has caused Mr Melvin J. Hill, president of Gulf Oil Exploration and Production, to describe it as a "knowledgeable, understanding and reliable business partner."

Bechtel, Boeing and General Electric are among other U.S. companies which have won contracts from Angola but despite their quiet urging, the U.S. Administration has so far avoided softening its stance towards the Angolan regime.

The Angolan Government has long been wooing the West—and in West Europe at least has found willing suitors. Britain considers it "an interesting and potentially exciting market" and praises the common sense its leaders have shown in negotiations over the Namibia issue.

Gadaffi discusses Syria merger

BY ISHAN HIJAZI IN BEIRUT

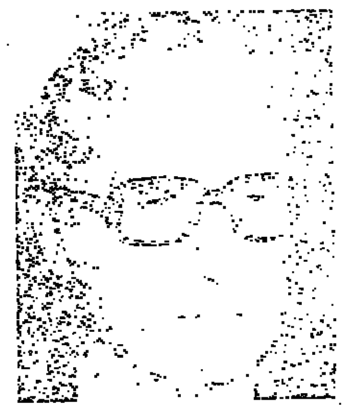
PLANS FOR a merger between Syria and Libya were revived at talks in Damascus yesterday between President Hafez Assad and Col Muammer Gadiffi, the Libyan leader according to Arab diplomats.

After a private meeting with Mr Assad on Monday night, Col Gadaffi conferred with leaders of Syria's ruling Ba'ath party, according to Damascus radio. He later held talks with Mr Yassir Arafat, the chairman of the Palestine Liberation Organisation.

The Libyan leader was visiting Syria as part of an Arab tour which has acquired additional importance in the light of the confrontation between Libya and U.S. Two Libyan fighter jets were shot down in the Mediterranean by U.S. Navy fighters last week.

Col Gadaffi is making the tour to seek stronger Arab suport for his stand against the U.S.

Syria and Libya reached an agreement in principle a year ago to merge but the accord failed because of differences in their political systems. The Libyan leader, who had insisted Syria should do away with its single-party system and embrace Col Gadaffi's "rule by the masses," may now be ready to make concessions to make the union possible, the diplomats said.



Dr De Kock

Pretoria renegotiates gold deals

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH African Reserve Bank has renegotiated part of the gold swaps it concluded with foreign banks in 1976 and 1977, thereby obtaining an extra R700m (£400m) in foreign exchange since September 1980, Dr Gerhard de Kock, the Bank governor, said yesterday.

Addressing the bank's annual general meeting in Pretoria, Dr De Kock said that "a substantial part" of the gold pledged to the foreign banks had been bought back in 1979 and 1980, but that "a part of the initial gold swaps were maintained at the earlier low prices with a view to renegotiating the transactions at higher prices at a later stage when required for balance of payments purposes." At the time of the original negotiations, the gold price was between $100 and $200 an ounce. It is now $420 an ounce.

South Africa has been running a large deficit on current account since late 1980, and the bank has borrowed substantial amounts abroad since then. The deteriorating balance of payments has also prompted the bank to change its gold marketing strategy. Dr De Kock said that it is now selling "virtually the full current South African gold production." Last year, the bank withheld some 2.1m ounces.

Israeli Bank governor attacks economic policy

BY DAVID LENNON IN TEL AVIV

MR ARNON GAFNY, governor of the Bank of Israel, the central bank, has attacked the Government's economic policy, saying that it is leading to lower productivity and higher inflation.

Mr Gafny . . . critical

Mr Gafny said that while the attempt to implement "supply side economics" has brought down Israel's record inflation rate from 132 per cent last year to a current annual level of about 100 per cent, it is building up new inflationary pressures through the accumulation of excess demand.

This latest criticism of Government policy by Mr Gafny is bound to exacerbate the tensions between him and Mr Yoram Aridor, Finance Minister, since the beginning of the year. The Minister has already indicated that he does not intend to renominate the governor for another term when his five-year appointment expires in November.

In an address to leading Israeli and U.S. economic figures at a meeting of the American Jewish Congress in Jerusalem, Mr Gafny said that while the problems were accumulating, there was still time to correct the situation.

Israel's economic policy, he said, paid lip service only to supply side theory. So far, its main components had been reducing taxation, mainly on imported consumer products, and increasing the budget deficit through heavy subsidies for energy and basic foodstuffs.

While this policy had initially slowed the rate of inflation by lowering costs, it would inevitably cause new inflationary pressures through the accumulation of excess demand. This would curb the desired increase in productivity, according to Mr Gafny.

The trend could be reversed by stabilising the inflation rate by combining budgetary and monetary restraints with a moderate policy on private income. At the same time, the governor said, the Government should gradually reduce excess taxation of both labour and production.

Begin arrives in Egypt

Mr Menahem Begin, Israel's Prime Minister, arrived in Egypt yesterday morning for two days of talks with President Sadat, Anthony McDermott writes from Cairo. Mr Begin was greeted by a guard of honour and national anthems. He was accompanied by Mr Ariel Sharon, the newly appointed Defence Minister, and Mr Yitzhak Shamir, the Foreign Minister.

Iraq sends civilians to Iran prisoner exchange

BY TERRY POVEY IN TEHRAN

IRAN and Iraq yesterday completed their second exchange of prisoners of war as the Gulf War entered its 12th month. The International Red Cross flew 45 Iraqi soldiers to Larnaka in Cyprus, where they were exchanged for 40 Iranian soldiers and civilians.

When the repatriated prisoners stepped down from the Red Cross plane in Tehran, there were emotional scenes as they were greeted by a military band and army and government officials.

All but five of the repatriated Iranians were civilians, many of them captured in the first two months of the war during the intense fighting at the port of Khorramshahr and the oil city of Abadan. Others had been captured during the same period fighting further north around the town of Mehran.

There were nine women among the 35 civilians. Almost all the civilian prisoners were elderly and many of them also infirm, the oldest being a 90-year-old man who was carried off the aircraft on a stretcher.

Few of the civilians had been wounded and most were critical of treatment they received while in detention in Iraq. A 57-year-old former docker from Khorramshahr complained that while in Mosul prison, where he said some 1,500 Iranians were being held, they were given only one meal a day of bread and water or stewed rice.

Another repatriated civilian spoke of radios being hidden in the prison camps and said that this was their only means of getting news from the outside world. Some of the Iranians being held by Iraq should be tried for "telling of the whereabouts of the hidden radios in exchange for a packet of cigarettes," he said.

An army colonel smong the reception party said that Iraq had not behaved properly over the exchange. "According to the Geneva Convention, these were all supposed to be prisoners of war but anyone can see that they are mainly elderly civilians who should never have been prisoners in the first place," he said.

Red Cross officials confirmed that the 45 Iraqi prisoners of war had all been from the military and had left Iran early on Tuesday morning dressed in new clothes provided for them by the Tehran Government.

Reagan relaxes rules on company hiring policies

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE REAGAN Administration yesterday eased the rules against discrimination in recruitment by companies doing business with the Government.

The move, part of the Administration's drive to "get Government off industry's back," reversed a trend of nearly two decades towards greater regulation of the hiring policies of federal contractors.

Civil rights groups have already vigorously objected to the changes in the rules, which cover 30m workers in about 200,000 companies with federal contracts.

Under the new regulations, published yesterday, employers with fewer than 250 workers and a contract worth less than $1m (£540,000) would be exempted from the requirement that they prepare a written plan for hiring and promoting women and minorities.

The old requirement applied to any company with 50 or more workers and a $50,000 contract.

Mr Raymond O'Donovan, the Labour Secretary, said that raising the threshold would free nearly 75 per cent of employers from this burden, while retaining protection for 77 per cent of workers covered by the rules.

The move "keeps the necessary safeguards for protected groups while cutting the paperwork burden for employers," he said.

Other provisions in the plan would:

- Eliminate various paperwork and reporting requirements, including a Carter Administration requirement that employers write a summary of their "affirmative action" programmes, designed to encourage the employment of members of minority groups.
- Exempt employers for setting goals and timetables for the aim of employing women and minorities at a level of at least 80 per cent of their availability in the work force.
- Permit contractors with 250 to 499 employees to prepare abbreviated "affirmative action" programmes.
- Eliminate certain requirements for reviews of companies' hiring policies before contracts are awarded.
- Reduce from 16 to nine the "affirmation action" requirements for building contractors and apply tighter regulations only to the larger companies.

Mr Donovan stressed, however, that employers with contracts worth at least $10,000 are still required to take affirmative action to hire and promote women and minorities, whether or not they have to prepare a written plan.

Call for Senator's expulsion

BY OUR U.S. EDITOR IN WASHINGTON

SENATOR Harrison Williams of New Jersey, convicted of taking bribes from an undercover Federal Bureau of Investigation (FBI) agent in the so called Abscam affair, has moved closer to becoming the first member of the Senate to be expelled since the Civil War.

The Senate ethics committee has found him guilty of "ethically repugnant" conduct and recommended his expulsion, but it has asked the Senate to delay a final decision until after Mr Williams's appeal is heard in October.

Mr Williams, who is still fighting to maintain his innocence and resist expulsion, said he was gratified by the committee's call for delay.

The committee urged senators to use the delay to study the mass of documentation stemming from the case, in which an FBI agent approached Mr Williams disguised as an Arab sheikh in front of hidden cameras.

Mr Williams was convicted in May on nine charges of bribery and conspiracy to trade his influence for a hidden share of a $100m loan offered by the phoney Sheik.

He was the first incumbent senator to be found guilty of a criminal offence since 1905.

If he is expelled, he will be the first senator to be removed since three supporters of the Confederacy were ejected in 1862. The full Senate does not necessarily have to accept the recommendation to wait until his appeal is heard.

Mr Williams has consistently accused the FBI of "manufacturing a crime." Six members of the House of Representatives were also convicted in the Abscam affair. One was expelled, two resigned and the others were defeated when they ran for re-election.

Warning to U.S. over Law of Sea

By David Tonge, Diplomatic Correspondent

THE PRESIDENT of the UN Conference on the Law of the Sea, Mr Tommy Koh, said yesterday that the U.S. had until next April to agree with the rest of the world on a treaty governing use of the oceans and their resources.

Mr Koh told journalists in Geneva that by scheduling a final session from March 8 to April 30 next year the 150-nation conference had sent a clear signal to Washington "that we mean business, that we have waited a year for the U.S. and that is long enough."

He also warned that the U.S. could stand virtually alone if it opposed the treaty.

"I have been warning the U.S. delegation that American mining companies are not prepared to undertake seabed mining outside a treaty."

He said that one consequence of the U.S. boycotting a treaty would be that American mining companies could be forced to accept secondary roles in consortia led by European and Japanese firms.

The quarrel between the U.S. and other countries involved in negotiating the treaty dates back to March when the Reagan Administration announced that it was ordering a review of the draft treaty.

It cited "serious problems" caused in particular by the provisions governing deep-sea mining.

Mr James Malone, the chief U.S. delegate, disturbed those present at Geneva when he gave a broad description of U.S. concerns and appeared to be demanding a sweeping renegotiation of the text.

Mr Koh who was elected with Western support, pointed out yesterday that the shooting down of Libyan planes by the U.S. navy last week had highlighted the need for a clear definition of rules at sea.

Mr Koh claimed that most, if not all, Western European countries would continue to support the treaty, but Western delegates say that the West is at present split.

The Danes, Dutch and Irish appear to support signing the draft treaty while the West Germans, Belgians and Italians could hold back.

Britain, France and Japan appear to fall in between, with the British strongly backing the provisions governing navigation and definition of rights to the continental shelf, but having some reservations about the deep sea mining regime.

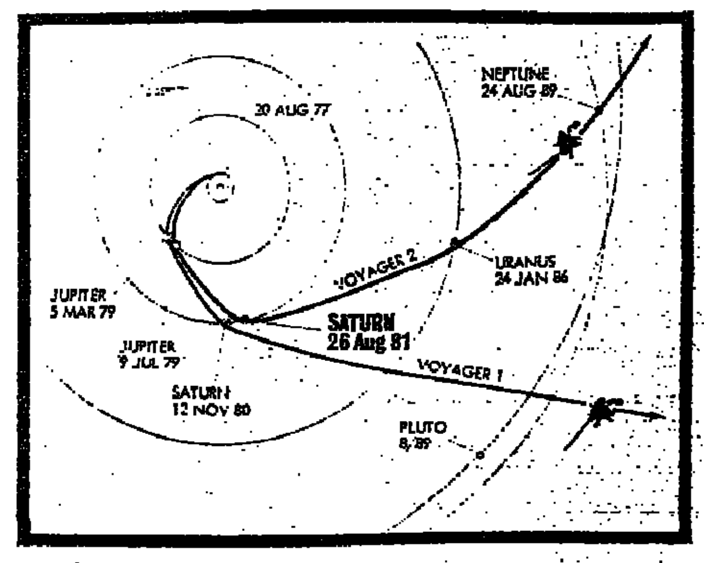
The current session is due to end on Friday. It has made some progress on agreeing that bodies such as the EEC should be allowed to be parties to the treaty but made little advance on a number of other issues such as protection of investment, delimitation of the continental shelf and how the treaty should be introduced.

Petrofina Canada

IN ITS edition of June 11, the Financial Times carried a report of the withdrawal of newspaper allegations of insider dealing in the takeover of Petrofina Canada. The report should have mentioned the Toronto Sun, not the Toronto Star.

Michael Donne describes the space mission of Voyager 2

A second look at Saturn's rings



MUCH NEW scientific information about the planet Saturn and its associated moons and "rings" is expected to emerge from the U.S. Voyager 2 spacecraft which was due to reach the planet in the early hours of this morning.

Voyager 2, launched from Cape Canaveral, Florida, on August 20 1977, is due to fly past Saturn during the course of the next few weeks, 63,000 miles above the planet's cloud tops.

It follows Voyager 1, which flew past Saturn on November 12, last year, and which produced many thousands of photographs of the planet and its associated moons and ring structure, but which in turn generated many new questions about Saturn.

Voyager 2, after passing Saturn, is due to travel another 1.76bn miles to an encounter with Uranus in January 1986, and then on to a rendezvous with Neptune, in August, 1989, before passing out of the Solar System.

Saturn is the sixth planet from the Sun, and the second largest in the Solar System after Jupiter. Like Jupiter, it is a giant sphere of gas—mostly hydrogen and helium with a small core of molten rocky material.

But, unlike Jupiter, Saturn's dark belts and light zones are muted by a thick haze layer above the planet's visibile cloud tops.

The planet is seared by winds with speeds as high as 1,100 mph.

Saturn is surrounded by at least seven "rings"—one additional ring was discovered by Voyager 1—and several hundred "ringlets," all composed of ice and rock debris of varying sizes. It is also known to have at least 17 satellites, three of which were discovered by Voyager 1, with the existence of another two established later from Earth observations.

From its launch date of August 20, 1977, Voyager 2 has now travelled more than 1.24bn miles from Earth.

Voyager 2's encounter with Saturn is expected to last until about September 28, by which time it will be moving away from the planet en route to Uranus.

By then, however, it is expected to have taken over 18,500 colour photographs of the planet and its environs, telemetring them back to Earth for reception by the National Aeronautics and Space Administration.

Among the new information scientists are hoping will emerge is an explanation of the much greater complexity of the planet's rings, first appreciated from Voyager 1's data.

The mystery features include the spoke-like structures of the B-ring, which emerge from the planet's shadow and then seem to dissipate after a few hours. The spacecraft's cameras will photograph the spokes as they move about the planet and will also produce more detailed information on the ring structure itself.

The spacecraft is also expected to discover and photograph any additional moons that may exist as well as the additional satellites which were discovered by Voyager 1.

The spacecraft is also expected to obtain better infra-red pictures of the planet itself, observing its atmosphere and its auroras (which are similar to the Northern Lights on Earth).

After its ultimate encounter with Neptune, in 1989, Voyager 2 will eventually escape from the Solar System into the universe, but on the trajectory it will be following, even at a speed of about 37,000 mph, it will take at least 358,000 years before it passes within 0.8 light years of Sirius, now the brightest star in the heavens.

Long before then, however, Voyager 2's instruments, originally powered by solar arrays, will have fallen silent and inert.

British Columbia timber truce

BY VICTOR MACKIE IN OTTAWA

THE BRITISH COLUMBIAN forest industry was limping back to work yesterday after a six-week strike following acceptance of two-year contracts, providing for wage rises of 28 per cent by two of its three unions.

Large sections of the industry are still closed because the third union, the 5,000 member Pulp, Paper and Woodworkers of Canada (PPWC), has not returned to work. In addition, more than one-third of the lumber mills delayed opening because of maintenance needs and poor markets.

The Canadian Paper Workers Union (CPU) has accepted the contract and ten of the province's 20 pulp mills resumed operations on Tuesday after the resolution of a rate dispute at one mill.

The CPU is certified at 12 mills, but two have PPWC members as well and remained closed. The PPWC said that unlike the other two unions, it does not make master contracts, but has nine separate contracts for the nine mills where it is certified.

It said that while local rate issues remained in dispute at four mills, it is prepared to have its members go back to work at the other five. This is a possibility that the employers' group, Pulp and Paper Industrial Relations Bureau, rejects categorically.

Mr Richard Lester the bureau president, said: "It's up to them to accept or reject the offer. We are not continuing to negotiate with one union" after an agreement has been accepted by the unions with the overwhelming majority of the workers. Mr Lester said local issues have been "under negotiation for four months now and that is it."

Mr Ross McDonald, first vice-president of the PPWC, said his union did not accept the job evaluation method of setting wage rates for job positions as the other two unions do.

Mr McDonald added that he had no estimate of how long the PPWC will resist, keeping 10 pulp mills closed.

"We wil lsit back and wait for them to make a second move. If they expect us to come crawling as the IWA (the 48,000 member International Woodworkers of America) and the CPU did, it will be a long strike," said Mr McDonald.

Airline traffic 'depressed before strike'

By Ian Hargreaves in New York

DOMESTIC AND international traffic of U.S. airlines fell by 2.7 per cent in July compared with July 1980, indicating that air traffic was already in a slump when the U.S. air traffic controllers went on strike at the beginning of August.

The Air Traffic Association said that the sharpest drop was in domestic traffic, which fell by 3.2 per cent. International traffic was down by 1.1 per cent.

The airlines believe that the threat of an air control strike was an additional negative factor in domestic air travel in July.

Moscow ready for arms talks with U.S.

BY OUR MOSCOW CORRESPONDENT

THE SOVIET UNION says it is ready to start arms talks with the U.S. almost at once, but claims that the U.S. appears to be an increasingly unwilling and unprepared partner for any negotiations.

The Novosti press agency says the Soviet leadership has begun to wonder if the U.S. is serious about arms talks. Novosti said Soviet doubts about the Americans' sincerity were in no way alleviated by Mr Alexander Haig, the U.S. Secretary of State, who said on Sunday that he hopes to set a starting date and venue for arms talks during his meetings next month at the United Nations with Mr Andrei Gromyko, the Soviet Union's Foreign Minister.

"The U.S. still does not know what it could talk about at negotiations," Novosti analyst Gennady Gerasimov said. He contended that Washington fears negotiations with the Russians because they are "considered 'their' (the Soviets') game, in which the U.S. will certainly suffer a defeat."

Mr Haig said this week the Soviets are trying to soften the determination of the U.S. to improve its defences, while at the same time attempting to split the U.S. and its European allies over the issue of arms control.

Novosti said Mr Haig's first point reflected a "primitive view" of diplomacy, as both powers ought to share a common interest "in avoiding a nuclear disaster and doing so at the lowest level of armaments." As to the split between Washington and Europe, Mr Gerasimov writes that any divisions are caused by the U.S., which "scares its allies by a policy threatening their national existence."

Professor Vital Zhurkin, a prominent Soviet expert on the U.S., offered the same viewpoints on Tuesday during a meeting of Soviet public figures who gathered to condemn Washington's neutron warhead plans. Prof. Zhurkin said the U.S. was doing a more effective job of driving a wedge into the Western alliance than the Soviet Union could have hoped to do itself.

Mr Leonid Brezhnev, the Soviet leader, returned to Moscow on Tuesday from his holiday retreat on the Black Sea, where he has been since early July. With the Politburo's unanimous approval of his recent meetings with Eastern European leaders still dominating the front pages of Soviet newspapers, diplomats believe a pronouncement by Mr Brezhnev may be expected soon.

Energy Review: Alternative sources

By Ray Dafter, Martin Dickson and Mark Newham

Third World given few crumbs of financial comfort

THE INCONCLUSIVE ending on Friday of the ambitious United Nations Conference on New and Renewable Sources of Energy, held in Nairobi, prompted a wry comment from one UN official: "We think new and renewable energy sources will survive this conference," he said.

After two weeks of protracted negotiations—sometimes lasting all night—the conference broke up, having failed to tie up the single most important issue—how to finance the energy developments that Third World countries will so desperately need in the face of possible fuel shortages and inevitable high prices.

The conference set out to identify the new energy technologies most suited to the aspirations of developing countries and the ways in which the technologies could be financed by the United Nations and the developed nations.

The first objective was met admirably. The conference came up with a comprehensive list of renewable energy technologies—the harnessing of the power in the sun, oceans, wind, rivers, hot rocks and plants—all of which were relevant to Third World use.

But the conference failed miserably to sort out the financing. It could reach no agreement on financial targets or on mechanisms for distributing funds through a central UN source. Sadly, without the second agreement, the first is virtually useless.

As a compromise the conference decided to adopt all the recommendations put forward on technology and to delay financial decisions until the September 1982 UN General Assembly. An interim committee has been set up to nurse the adopted and negotiable proposals.

Despite an obviously fabricated note of official optimism over the conference results struck by Enrique Inglesias, the tireless and approachable secretary-general, a cloud of despondency pervaded the conference hall and descended over most of the desks of the 128 countries participating.

This was hardly surprising, given the worsening plight of developing nations. Texaco, the U.S. oil group, has just published its assessment of non-Communist world energy supplies which underlines the concerns that led to the Nairobi conference.

It points out that last year less developed nations spent nearly $50bn on imported oil; the World Bank projected that this import bill could rise to $110bn by 1990. Third World energy demand was expected to increase annually by 4.5 per cent over the next two decades —twice the rate for the non-Communist world as a whole. Such a growth rate was likely to put severe strains on foreign exchange earnings of Third World countries, particularly those outside the Organisation of Petroleum Exporting Countries.

Texaco points out that Third World countries have a long way to catch up in terms of energy usage. In the U.S., for instance, energy consumption works out at about 63 barrels of oil a year for each person. In the industrialised community as a whole the per capita consumption is nearer 38.5 barrels of oil; this figure could grow to 48.1 barrels by the year 2000. In the developing countries, however, the per capita consumption is only about 3.2 barrels a year. By the end of the century it might have grown to 4.7 barrels.

This growth in Third World energy—tiny in terms of the individual although appreciable when measured on a general percentage basis—will result in a continuation of the imbalance between fuel usage in the developed and developing sectors of the world, says Texaco.

Non-energy-producing Third World countries will probably not be able to achieve their development plans without "massive" external aid from the International Monetary Fund, Opec's Fund for International Development, the World Bank, and other sources, Texaco adds.

This brings us back to the Nairobi conference. The World Bank urged that increased financial support for Third World energy developments should be given priority status. It estimated that $54bn a year would be needed in the 1981-85 period for overall energy investments. Much of this would be for renewable energies.

The conference decided that the World Bank and the UN Development Programme should undertake a joint study to assess accurately the supporting actions and pre-investment requirements needed for new and renewable energy resources.

But this was about the only financial concession the conference gave Third World countries. The U.S. delegation achieved what it sought: a programme of action without any additional funding and without a definite body to handle proposed additional funds. It opposed the creation of an energy affiliate of the World Bank, arguing that market forces would be more important than aid in helping developing countries.

And yet the U.S. did not arrive in Nairobi empty-handed. It announced that its Agency for International Development (AID) would double its budget for Third World energy development to $76m (£42m) a year. This increase will be achieved through a reshuffling of other AID programmes.

Canada was more grandiose in its announcements. Prime Minister Pierre Trudeau said that C$1bn (£454m) would be made available to fund energy programmes in developing countries over the next five years; a further C$25m would go on energy developments in Africa's drought-stricken Sahel region; C$10m more would go on renewable energy research and development this year; and C$5m would be allocated to help private Canadian companies tailor renewable energy technologies to the needs of developing countries.

Mr David Howell, Britain's Energy Minister, who also went to Nairobi to announce more aid, found himself totally outbid. He said an additional £2m would be spent on the Third World's energy sector this year. That brought derisory smiles from some delegates representing developing countries with close UK ties. One commented privately that the extra money might cover the cost of the paperwork involved.

Opec members, already substantial contributors to other developing nations, also promised extra aid, though some oil exporters did not resist the temptation of injecting politics into the conference discussions.

But, as the UN official commented, delegates should not be too disappointed over the meeting's outcome. "At least we have seen countries of the world talking to each other on the subject—an important step if a real programme of action is to develop out of this meeting." It was a pity, he added, that this time the outcome had been a "classic UN programme of delayed action."

ENERGY DEMAND PER CAPITA

Barrels of oil equivalent

	1960	1980	2000
U.S.	43.9	62.8	67.9
W. Europe	14.5	25.8	34.9
Japan	6.5	22.9	33.3
Canada	36.2	72.1	104.2
Others	1.6	3.2	4.7
Total	8.1	11.7	12.5

Source: Texaco

Business transforms the solar image

SOLAR ENERGY is a growth industry of significant proportions. That is the central message radiating out this week from Brighton, which is playing host to the world's biggest gathering of sun power enthusiasts.

"It's not just a lot of crazy academic talk. There's real money involved," says Professor David Hall of London University, who is chairing the Brighton meeting—the biennial gathering of the International Solar Energy Society.

Certainly the presence in Brighton of some of the world's top multinationals—among them Atlantic Richfield, Total, Du Pont, BP and Lucas—indicates a hard-headed business approach to the field rather than the idealistic "eco-freak" image under which it often labours.

Nevertheless, a large economic question-mark still hangs over solar power's potential contribution to the world's energy needs.

Just what the contribution is likely to be depends partly on the definition of solar power. Many people think of it merely as heating water or space by the sun. But the field encompasses a much wider range, including the generation of electricity through photovoltaic cells and the production of biomass (plant and animal organic materials) for use as solid fuel or fermentation into alcohol for cars.

Exxon, the world's largest oil company, which is itself active in the solar field, estimates in its latest World Energy Outlook that solar power is likely to produce about 1.3m barrels a day of oil equivalent (b/doe) in the non-Communist world by the year 2000, compared with a very small amount now. It defines solar power as energy produced by commercially traded solar equipment for generating space heating, hot water, industrial heat or electricity.

Biomass and other renewables —wind wave and tide power— increase that total to nearly 4m b/doe—just 2 per cent of world energy supplies.

Solar's contribution, therefore, will be small when set alongside coal, oil or nuclear, but it should not be dismissed out of hand. "The solar community does not see solar power as a panacea for the world's energy problems, but we are here to stay," says Professor Hall.

Generalisations about the economics of solar power can be dangerous because so much depends on the particular type of energy system under discussion, its geographical location and the availability of alternative supplies. Two examples— water heaters and photovoltaic cells —underline the point.

Solar water heating, through the use of flat plate collectors, is now economic in particularly sunny climes. In Israel, for example, more than ½m homes have been equipped with solar collectors and a recent law requires all new houses to include solar systems. Yet tropical or sub-tropical countries are often, ironically, those which can least afford the capital costs of solar installations.

Roger Taylor

ANTHONY CHALLIS
Cost-effective criteria

In the cloudy UK, by contrast, solar water heating is currently only marginally economic, with a payback period of up to 15 years. However, Dr Anthony Challis, the chief scientist at the Department of Energy, reckons that it could become cost-effective for 2m to 5m houses in the near future if there is continued progress in cost reduction and increased output of useful heat.

He told the conference that in the longer term the potential annual energy saving in the UK from solar heating might be 10m tonnes of coal equivalent—worth about £1bn at present prices.

The UK market for flat plate collectors, for both domestic water heating and swimming pools, is currently worth about £10m a year.

Flat plate collectors are a fairly mature technology, so further progress is likely to be undramatic. Photovoltaics, by contrast, is relatively young and solar enthusiasts believe that it could provide some exciting technical breakthroughs.

Photovoltaics, a market currently worth about £25m internationally, involves the direct conversion of sunlight into electricity through the use of semi-conductors such as silicon.

Because of the purity needed in the raw materials, photovoltaic power is not cheap and cannot compete with electricity generated from coal, oil or nuclear sources and distributed via a grid system. Its use is therefore confined to out-of-the-way areas where it is prohibitively expensive to introduce mains power.

Mr J. W. Yerkes, chairman of the Atlantic Richfield subsidiary, Arco Solar, which claims to be the world's largest manufacturer of photovoltaic cells, acknowledges that "we're not competing with coal and nuclear plant so much as providing electricity to people who've never had it before."

Photovoltaics needs to reduce its costs by a factor of about 10 if it is to compete directly with grid electricity. That may be impossible, but companies are experimenting with a range of new systems in an attempt to make photovoltaics at least more competitive with small diesel engines.

At the moment most manufacturers use pure silicon crystals to make their cells. These have to be sawn into wafers, which is time-consuming and exacting.

New developments include ribbon silicon, pioneered by Mobil Tyco, a subsidiary of Mobil Oil, which is created from molten silicon and said to be well-suited to mass production.

Others feel that the best way ahead may lie with so-called amorphous silicon, being developed in the U.S., by RCA and Energy Conversion Devices and by several companies in Japan.

Where does UK industry stand in all this? It is not among the world's leaders, perhaps partly for climatic reasons and partly because of its relative abundance of fossil fuels.

The U.S. is the main exporter of solar equipment, followed by France, which three years ago set up a Government agency, Comes, to co-ordinate its solar activities. The expansive French attitude was underlined by a large exhibition in Brighton.

Nevertheless, in the UK Lucas and BP have set up a photovoltaics joint venture and are currently meeting large orders in Algeria and Colombia. They are also designing a 30kW experimental solar power station which will be installed in 1982/83 at the Central Electricity Generating Board's Marchwood station, near Southampton.

Pilkington Brothers, the glass manufacturers, bought 80 per of Solec, a California-based photovoltaic cell manufacturer last April. The rationale is that Solec's technical ability will be matched by Pilkington's name and international spread. Pilkington has also just marketed its first solar collector.

Some UK manufacturers complain that the Government is not doing enough to help them. Professor Hall agrees, pointing out that Britain is a rarity among developed nations in having no tax or other incentives for the installation of solar systems.

"British industry has the technical competence for both local sales and exports. What is needed is a positive political and economic commitment from the Government to reinforce our expertise — as happens in all other industrial countries."

The Department of Energy viewpoint, as expressed by Dr Challis, is that the Government's doors are open to approaches from industry with a view to possible R and D co-operation. But he adds that all renewable energy sources must be shown to be cost-effective in the market place if they are to succeed.

It is a viewpoint likely to strike a responsive chord with the Reagan Administration, which has cut back sharply its solar budget and switched the emphasis to long-term R and D rather than the commercialisation of ready technologies.

UK companies join battle for Soviet pipeline deals

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE SOVIET UNION is entering into price discussions with *major British manufacturers for* turbines which could be used on the gas pipeline planned to carry 35bn cu m of gas a year from Siberia to West Germany and other countries in continental Europe.

John Brown Engineering, the Clydebank manufacturer, expects talks on a finance package to begin within the next fortnight. Rolls-Royce has just started its talks. The Soviet negotiator is Machinoimport, which has a Cologne office.

The two groups provide different types of turbine. John Brown manufactures a heavy duty turbine, designed by General Electric (GE) in the U.S. The Rolls-Royce turbine is lighter, *derived from* use in aero-engines.

The discussions the two groups are having emphasise the possibility that British manufacturers may be able to *win supply contracts* for the pipeline construction, although the UK is not buying any of the gas it will carry.

Mr Vladimir Sushkov, the Soviet deputy Foreign Trade Minister, who last weekend said that the prospects of British companies winning major contracts with the Soviet Union depends on improved Anglo-Soviet relations, had earlier made it clear that the Soviet Union would seek equipment for the pipeline from a wide variety of sources.

Machinoimport has evidently informed western manufacturers that the main orders for equipment connected with the pipeline construction will be *placed by the end of the year.*

But western negotiators have noted that both for the turbines and for compressor stations, the Soviet negotiators have not so far drawn up a *short list of suppliers and are* plainly keeping all bidders in contention until the last possible moment.

Neither John Brown nor Rolls-Royce, therefore, are able to make any serious estimate of their chances of winning supply contracts. The Soviet Union, indeed, has evidently not yet decided on either the number of or the nature of the turbines it will require.

If Rolls-Royce wins any orders, valves for its turbines would be supplied by Cameron Iron Works, the Livingstone unit of a U.S. group. Cameron is in any case negotiating with the Soviet Union for the supply of valves worth up to £15m.

It is estimated that around 150 turbines will be needed to propel the gas from Siberia to Western Europe.

Baoshan contract for Japan 'cancelled'

By Charles Smith in Tokyo

JAPAN'S Mitsubishi group has agreed to the cancellation of a Y85bn (£200m) contract to supply a hot strip mill for China's Baoshan steel project in return for cash compensation of around Y9bn, according to a leading Japanese economic newspaper.

The agreement is the first *in a series of discussions* between Japan and China on the cancellation or postponement of major plant contracts.

The three Mitsubishi companies — Mitsubishi Corporation, Mitsubishi Electric, and Mitsubishi Heavy Industries —signed the Baoshan contract in August last year and received a message early this year requesting "termination" of the contract. Since then negotiations have been held continuously with the Chinese.

At one point, China suggested a five-year suspension of the contract but it later reverted to its earlier decision to cancel outright. Mitsubishi appears to have been told, however, that it will be well placed to win a similar contract in the future if the second phase of the Baoshan steel project should be revived.

In consideration of this promise, the group is believed to have substantially reduced its earlier demand for compensation.

China has also been discussing the suspension for refinancing of a series of major petro-chemical contracts signed with Japanese companies. These negotiations appear to turn mainly on whether Japan will make available substantial new official loans for what were *originally to have been* privately financed projects.

The Chinese have asked for $2.7bn worth of government finance, but Japan has offered to divert a considerably smaller sum from loans originally intended for other projects.

China began cancelling and postponing plant projects planned with Japan and with some European countries early this year as an emergency measure for dealing with cost overruns in the 1981 capital construction budget. The cancellations are also designed to reduce the strain on China's external balance of payments which was caused in part by an overestimation of the amount of oil available for export.

Reuter adds from Bonn: Schloemann-Siemag is continuing negotiations with China on the suspension in February of a DM 1.3bn (£232m) order won by an SMS-led consortium for construction of a cold rolling mill *at Baoshan.*

Metin Munir in Istanbul reports on a lucrative international market

Trade in Turkish debts is growing

THE TURKISH Government's scheme for settling some $1.3bn (£654m) of unpaid debts to foreign companies has created a lucrative international market in which these debts are being traded.

The debts are to suppliers who sent goods to Turkey on the basis of cash against goods or cash against documents without insuring themselves with bodies such as the British Export Credit Guarantee Department.

Between 7,000 and 10,000 companies were hit when Turkey was unable to transfer the foreign exchange to settle the debts, which were mainly incurred between 1977 and 1979.

The market in these non-guaranteed trade areas has arisen because of the long payment delays proposed by the Government. As a result, rights to the debts are trading at around one-third of face value.

In January and May last year, the Turkish Government set out two options to unpaid suppliers. The first, known as the foreign currency option, meant that suppliers who wished to be repaid in foreign exchange would be repaid over 10 years, with the first payment being made after 4½ years. Companies would receive between 3 and 8 per cent interest depending on the currency they selected.

The second, Turkish lira option, allows companies to be paid in Turkish lira on demand. The Turkish lira can be used inside Turkey in a number of ways specified by the Government, but they are not transferable abroad.

It is this second option and the opportunities it offers in Turkey which have led to the growth of the market in which the debts are being traded.

The sums involved are large. So far some $500m of the debt has been registered with the Central Bank for repayment in Turkish lira, as compared with around $600m to be repaid in foreign currency; companies owed the remaining $200m have not indicated how they wish repayment.

The *current settlement* price ranges between 32 and 36 per cent of the face value of the claim, including 2 per cent broker's commission, according to bankers in London. The price seems to be going up as more and more people in Turkey and abrdad wake up to its advantages.

The market seems to offer benefits all round:

- The supplier is offered the opportunity of cutting his loss. He gets between 32 and 36 per cent of his claim in foreign currency and is able to place the remainder on his balance-sheet as a loss.
- The purchaser of the debt obtains Turkish liras cheaply, at around 315 or more a dollar compared with the official exchange rate of 120 a dollar.
- The Turkish Government also appears to believe it is benefiting. Debts incurred in foreign currency are being liquidated in Turkish liras. Further, the money is being used at a time of relative stagnation when investment is limited.

The demand for the so-called "non-guaranteed trade areas" (NGTAS) comes mainly from Turkish citizens. Some large private groups like Cukurova and Transturk are reported to have made large purchases. Cukurova is said by bankers to have bought $65m worth of NGTAS. Other big buyers include some Turkish banks and contractors working abroad. The funds thus secured are commonly used as working capital and, less frequently, for new investments. *Money* is scarce in Turkey and the rate of interest on a six-month bank loan is over 60 per cent.

Some *foreign* banks which are opening branches in Turkey are resorting to NGTAS purchases to fund the capital of their Turkish operations. The Bank of Credit and Commerce International has funded its branch capital in this fashion, according to bankers.

Although this market is not foreseen in any legislation, the Turkish Government was aware that it could expect trading in the debt. Officials smile wryly when asked about the market.

However, the Central Bank has tacitly condoned existing practices by asking the Government to extend by one year the period during which those who have opted for repayment in foreign exchange can switch to the Turkish lira option. This extension could affect the price at which the debt trades.

There are also reports that some European and American-based banks and brokers are amassing the NGTAS with the hope that they will go up in value. The fact that in less than a year the price went up from 21 per cent of face value to 32 per cent is a clear indication that the hope is not in vain. Bankers say that by the end of autumn the price could go as high as 50 per cent.

The scope for utilising Turkish lira locally is wide. The funds can be used in the form of foreign capital investments, increasing equity in joint ventures, and making foreign *investments*. They can be used by foreigners to buy equity in Turkish ventures. They can also be loaned to Turkish importers.

While the Turkish Government stands to gain from the market in NGTAS in the short term, its longer term benefits are more dubious.

Most Turks who buy the NGTAS—with foreign currency they were not supposed to have abroad — establish companies abroad.

This entitles the "foreign partner" to annual repatriation, in theory, *ad infinitum*. The result may well be that for the sake of liquidating its debts with Turkish lira quickly, the Turkish Government is accepting to pay dividends to its own citizens in foreign capital indefinitely.

To add insult to injury, as a foreign banker put it, a substantial percentage of the non-guaranteed trade arrears are known to have been double-financed to pay for the original import.

Australian lager to be brewed in Britain

BY GARETH GRIFFITHS

WATNEY MANN and Truman, the brewing division of Grand Metropolitan, is to brew Foster's lager under licence in the UK following an agreement with the Australian brewers, Carlton and United Breweries.

The deal announced yesterday in London and Melbourne allows Watney Mann to brew a medium-strength draught lager at its London brewery, using a Carlton and United Foster's yeast strain and Australian hops.

A production of 40,000 bulk barrels is planned for the first year building up to 500,000 bulk barrels a year over the next five years.

Foster's draught will be sold *in 1,000 public houses and clubs* in the London area in the autumn and is expected to be sold in the rest of the UK by next summer. The lager will sell at between 64p and 72p a pint.

Watney Mann will pay Carlton and United a fixed royalty on each barrel brewed, although the company refused to disclose what the payment will be. At the moment 15,000 bulk barrels of Foster's lager are sold in the UK in packaged form, with about half sold to *expatriate Australians.*

Foster's is the best known Australian lager and is sold in 65 countries. The Australian beer market has started to decline, although per capita consumption remains high. However, there has been a marked switch to wine drinking by Australians recently.

Watney Mann intends to spend £1.5m on Foster advertising and promotion in the London area. The company plans to get away from the Continental image of lager.

Packaged Foster's lager would continue to be available in Britain although production would shift to the UK under the agreement with Watney Mann.

Although the lager will be sold in draught form in London, Carlton and United has no intention at present of selling it in draught in Australia.

Bovis appointed manager for U.S. project

BY ANDREW TAYLOR

BOVIS International has been appointed project manager for the construction of a $300m (£163m) hotel, leisure, office and residential complex on an 800-acre site in Orlando, Florida.

The developers are the Carrian Group, the Hong Kong-based property developers and shipping concern which has formed a joint company with Bovis.

Bovis International, the overseas construction arm of the *Peninsular and Oriental Steam* Navigation Company (P & O) will have a small equity stake in the completed project and will also receive a fee as construction manager.

A substantial amount of the finance for the scheme has been provided by Carrian. The U.S. partner in the development is Henry George Greene, AIA, which will carry out all the design work.

Planning approval for the scheme has been granted for a 1,000-bedroom hotel, a 770-bedroom hotel, a golf course, tennis club, two apartment blocks of 300 apartments each, plus a commercial centre and office accommodation. The development is near to the Disney World complex in Orlando.

At the same time, Bovis International has been awarded a management contract together with Dubai National Construction Company and Cordoba Development Company for a £4.6m sewerage scheme in Dubai.

Work has already commenced on the 18-month contract to supply pipes, pumping stations and connections for the new sewerage system.

London chosen for China engineering exhibition

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CHINA'S emerging capability as an exporter of aerospace products to the West will be revealed at an exhibition of aviation components to be held in London, October 14-31.

Organised by the China Aero-technology Import and Export Corporation (CATIC), it will be the first exhibition in the UK of Chinese engineering *components designed and produced in* the People's Republic. A limited preview is being given to representatives of major companies in West Germany and the U.S.

Categories to be covered include *precision castings,* pressure die castings, castings and forgings in aluminium, magnesium and steel, titanium and titanium products, powder metallurgy products, dies, and turbine blades.

The Chinese determination to promote its aerospace trade is reflected in the opening recently in Los Angeles of a *Chinese office of CATIC, and* the signing of contracts for forgings and castings with companies in the U.S. (Lockheed), West Germany (AEG Telefunken) and the UK (Derritron).

Merchant tonnage orders highest in almost 4 years

BY LYNTON McLAIN

THE VOLUME of merchant shipbuilding tonnage in the world order book rose by 6.1 per cent to 37,499,778 tons gross in the second quarter of this year, the highest total since September 1977, Lloyd's Register of Shipping says in its latest returns published today.

The figure compares with the world record tonnage of ships on order of 133.4m tons gross at the end of March 1974. It also compares with the recent low point in orders in March 1979, when they stood at 25.1m tons gross.

However, the increase of 2,295,938 tons gross in the second quarter compared with the first quarter includes almost 600,000 tons gross which is accounted for by the inclusion of returns from countries where data had previously not been available.

The volume of merchant shipbuilding tonnage in the world order book, if the 600,000 tons gross is discounted, rose by 4.5 per cent in the second quarter compared with the first quarter, when the data base was the same.

Over three-quarters of all the tonnage on the order books is for delivery by the end of next year. However, new orders in the first half of this year, at 9.6m tons gross, exceeded the total output in the period by over 2m tons gross.

Japan again topped the list as the leading shipbuilding nation with a total order book of 14.67m tons gross, an increase of 10.36 per cent, twice the rate of increase of world order books as a whole.

South Korea came second in the list of leading shipbuilding nations, with total orders of 2.71m tons gross. Spain was third in the list, with a total order book of 2.52m tons gross. Brazil came fourth with a total order book of 1.61m tons gross, *a fall of about 10 per cent com-*pared with the previous quarter.

China came fifth and Taiwan sixth, with Poland seventh with a total order book of 1.54m tons gross, a drop of 11,637 tons compared with the previous quarter.

The U.S. stood in eighth place with a total of 1.42m tons gross of shipbuilding on order.

Germany was ninth with 1.04m tons gross of shipbuilding, a rise of 66,053 tons gross compared with the previous quarter. France was in tenth place with 991,173 tons gross and the UK came 13th with a total order book of 389,695 tons gross, an increase of 42,157 tons gross, or almost 5 per cent compared with the previous quarter.

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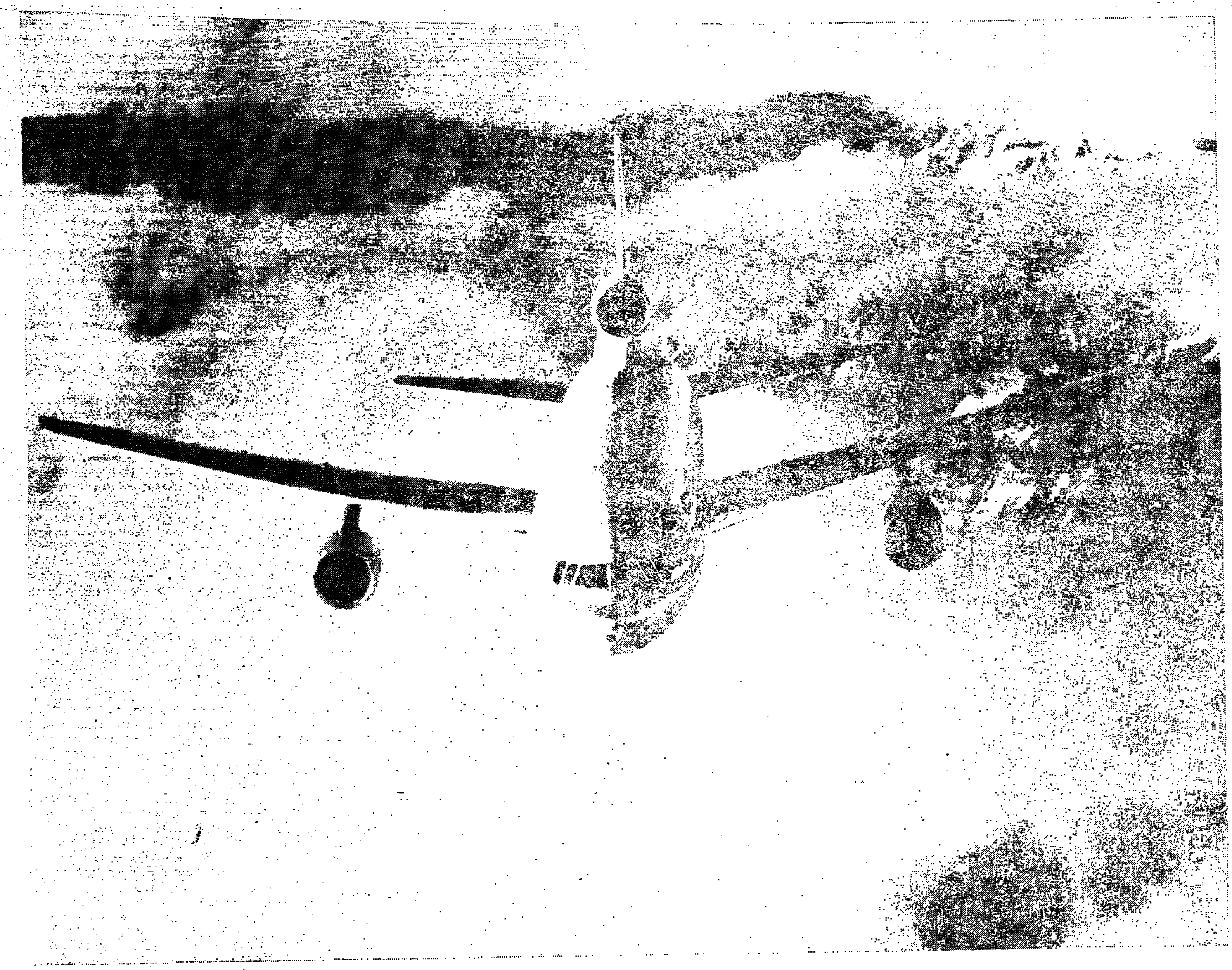


Genius.

The L-1011-500's technology sets it apart from other aircraft and makes it the long-range jetliner of the Eighties.

You're looking at the long-range member of Lockheed's family of L-1011 TriStars. It brings airlines a combination of exclusive features that give the L-1011 a level of technological genius.

Those features make the L-1011-500 uniquely qualified to serve airlines profitably on one of the fastest growing sectors of passenger travel – long, moderately used routes of more than 3,000 miles.

Look at the long, graceful wings in the picture above. They've been lengthened nine feet since the L-1011 first went into service. This reduces drag and saves impressive amounts of fuel. It also produces the smoothest flight in the skies. Only the L-1011 has been able to lengthen its wings to help offset the soaring price of fuel. An exclusive system of computer-driven Active Controls made this possible. They adjust wing ailerons automatically to reduce aerodynamic loads on the L-1011-500's wings. The L-1011 is the only aircraft operating with Active Controls.

Another fuel-saving exclusive.

An exclusive Flight Management System automatically selects the best speed and power levels, and then controls throttles in flight to save even more fuel.

Another exclusive system – Direct Lift Control – gives the pilot more control at all times on the glide path as the L-1011 approaches the runway. This smooths out the ups-and-downs experienced on other jetliners.

Then there's the exclusive Flying Tail. It's the only one found on big jetliners. The entire horizontal stabiliser moves at the pilot's command instead of flaps at the rear of it. This gives the pilot more control at all times.

Technology cuts maintenance costs.

Lockheed has not neglected the critical area of maintenance costs. A new digital autopilot has entered service recently on two L-1011 airlines. Smaller, lighter, and without moving parts, it's 150% more reliable than current systems. The L-1011 is the first big jetliner to introduce such a maintenance-saving system.

Another L-1011 system is found on few other aircraft. It's a system that enables the L-1011 to land regularly at some airports in bad weather that would be unable to accept other aircraft. This is not only another fuel saver, but it also spares passengers the inconvenience of being diverted to other airports.

The L-1011 keeps getting better.

Most of these systems have been added to the L-1011 since it first flew. In fact, the L-1011 is proving to be remarkably able to accept new technology that helps keep it the most modern jetliner in the skies.

In a sense, the L-1011-500 has yet another exclusive. It is the smallest of the big, wide-cabin, three-engine jetliners. That small size, coupled with the L-1011-500's array of technological exclusives, helps give it an unmatched combination of low plane mile and seat mile costs. And that translates into superior profitability on long, moderately used routes. The new two-engine jetliners being developed are not L-1011-500 competitors. They lack the range for long routes: nor can they be certificated to carry passengers over long stretches of ocean. That requires three engines. The big four-engine jetliners have much higher acquisition and operating costs than the L-1011-500 for long, moderately travelled routes.

Open skies and other changes.

More and more, agreements among nations are resulting in "open skies" that permit airlines to pioneer new routes. More and more, passengers want to fly direct instead of spending time in airports waiting for connecting flights. In short, times have changed radically, and the L-1011-500, with its superior technology and unequalled combination of low plane mile and seat mile costs, gives airlines a competitive advantage. It's a flexible jetliner.

By 1985, 32% of the routes will be long and moderately used. That figure was only 25% in 1975. If you're interested in developing new routes in a changing, competitive environment, hadn't you better get interested in the L-1011-500?

Lockheed L-1011 TriStar

UK NEWS

Coventry voters warned of job losses

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

INDUSTRIALISTS in Coventry have delivered an eve-of-poll warning about hundreds of jobs at stake to voters taking part in the city's rates referendum.

Coventry, the motor-car city once heralded as a symbol of Britain post-war affluence, now suffers unemployment of more than 16 per cent, extensive short-time working and mounting social problems.

The Labour-controlled council, divided internally and threatened with a cut of more unles sit can curb spending, has thrown the issue back to the than £3m in Government funds electorate.

City officials organising tomorrow's referendum of the 237,226 voters can find no precedent for an elected council resolving its problems in such a way.

The citizens of Coventry will go to the polls—all the arrangements are similar to those of a local government election—to decide whether to opt for a £2m package of economies which will involve no rate increase or to maintain services and accept a supplementary rise this autumn.

Supporters of greater accountability in local government have responded to the Coventry initiative with enthusiasm.

But others say that the outcome of the exercise, priced by the council at approximately £88,000, will not be binding. The Labour group, elected last May on a manifesto to maintain services, will take the final decision.

The referendum reflects the extent of the crisis through which the West Midlands is passing.

Unemployment has more than doubled in 12 months. Closures, particularly affecting big companies like BL and GKN, have been rife.

Unions fear the industrial base is being eroded and that the region will have to adjust to large-scale unemployment. Small companies have attempted rates revolts, but with limited success.

The intervention this week by Guest, Keen and Nettlefold into the public debate with a threat to take legal action rather than pay a rates increase marks a new phase in the extent of opposition.

The Coventry Chamber of Commerce and the local Engineering Employers' Association warned yesterday in a joint statement that companies, confronted by fierce competition and reduced demand, could not pass on cost increases. In such circumstances, the choice posed by a rates rise was vivid: "Sell more or lose jobs."

The problem was spelled out by Mr Reg Purnell, director of Dunlop at Coventry. The company, in order to cut costs, had shut two of its local plants this year, and taken its share of redundancies. But increased charges from the local authority would leave little option but to finance increased rates by reducing jobs, he maintained.

A similar view is advanced by Mr Michael Haycock, chairman of Haycock Gauge and Tool employing 50 workers locally. Recession had forced the company to cut its labour force for the first time in 21 years. A further rates rise would hit investment and future development, Mr Haycock warned.

Mr Arthur Waugh, the moderate leader of the council, points to the difficulty of cutting services when the local authority should be providing a safety net for the victims of recession.

Before imposing a rate rise of more than 30 per cent last April, the council agonised publicly for nearly six months.

To avoid a supplementary rates increase, electors will be asked to consider a £1.25m cut in education, with the loss of 100 teaching jobs; a 5p increase in school meals; a 20 per cent cut in spending on books and equipment; and the ending of free school milk.

The alternative is to maintain services which would involve both a rates rise this year and another increase of about 35 per cent next April.

Industry has campaigned strongly in the cause of economy. Local authorities throughout the country, wrestling with problems similar to those of Coventry, will watch the experiment with interest.

Liberals to launch recruiting drive

By Our Lobby Correspondent

THE LIBERALS will launch a recruitment drive at next month's party conference aimed at doubling membership in the next two years and strengthening the party's finances and organisation.

The conference is expected to endorse the alliance with the Social Democrats, which would clear the way for co-operation at the next general election.

The Liberal national executive has told its members that irrespective of any possible alliance with the Social Democratic Party the Liberals must improve their own organisation to make a major impact by the next election.

The plan, which is the second stage of the campaign launched last year, calls on each local party to set itself a target of signing up as members 7 per cent of those who voted Liberal at the last election.

The party must, as a priority, "revive semi-derelict and derelict constituencies and strengthen the regions." Liberal Associations should contest each round of local elections, it says.

Some Liberals fear that the SDP may try to swamp the Liberal Party, and one argument likely to be put forward for the membership campaign is that it will enable the Liberals to go into the alliance as a strong partner with a well-established organisational framework.

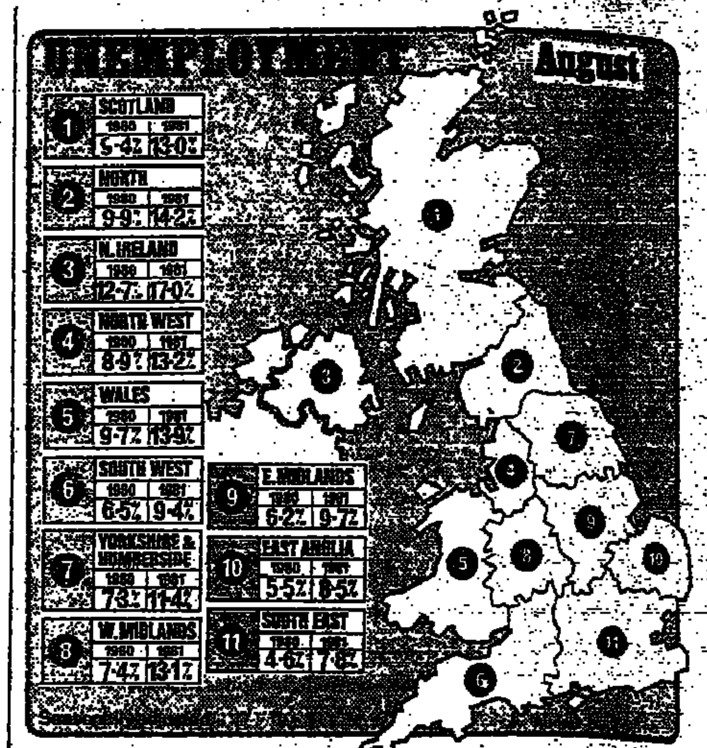
In the preamble to the report the national executive committee says that the next three years will be "crucial" for the party.

The report says these years could see a breakthrough in "public credibility and electoral representation." But the margin between "success and failure will be a narrow one."

Despite continuing Liberal local election successes, "we could find ourselves, in 1984, against the odds of the present electoral system, once again with relatively few seats and no line on power." To prevent this the party must strengthen organisation and improve finances.

Party income has fallen in real terms by 40 per cent since 1975.

The report says the party can no longer afford to rely on the major donors of the past. Each local party must set itself the target of increasing income by at least 20 per cent in 1982 and 1983.



Government attacked over 2.94m jobless

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT faced a barrage of criticism yesterday after the announcement that the "headline" unemployment total had risen to 2.94m.

Mr Len Murray, TUC general secretary, said: "This miserable tale will go on until we get the fundamental changes in policy which the TUC has spelt out. The need for urgent action will be the main theme of Congress at Blackpool."

Other union leaders took a similar line, while Mr Eric Varley, Shadow Employment Secretary, said that the figures showed the extent of "misery and despair that has been deliberately created by the collapse of the Government's policies.

"Only a complete change of course can reverse this tragic trend and give hope to the millions who are now desperate for a job."

Sir Raymond Pennock, president of the Confederation of British Industry, used the figures to press for "moderate" pay deals.

"People who are negotiating pay in the coming year must decide whether they want to push the jobless total still higher with big settlements, or accept moderate pay rises.

"This is not a threat to keep wages down. It is plain economic commonsense.

"Wage settlements in the coming year will again have to be much lower than they have been in the past 12 months if we are to beat the competitor.

"To seek to squeeze money out of companies that have not got it is bound to lead to more bankruptcies and fewer jobs."

The Institute of Directors took a cautiously optimistic line, saying that the figures did not "fulfil the prophecies of the doom-and-gloom merchants who have been waiting with relish for the breaking of the 3m barrier.

"Economic recovery and the beginning of a significant reversal of trends to higher unemployment will begin to make itself felt towards the end of the year."

The regional breakdown shows that nearly one in five of the national workforce are now unemployed in Northern Ireland, while the rate is one in seven or less in the West Midlands, the North-West, the North, Wales and Scotland.

Council overspending likely to rise

BY GARETH GRIFFITHS

LOCAL AUTHORITIES asked by the Government to cut their budgets or face a £450m reduction in rate support grant are likely to show more overspending on their budgets than originally estimated.

The Department of the Environment is analysing the revised budgets. Overspending seems to have increased to £815m, from £800m above target in May.

A meeting of Department officials and local authority associations will discuss overspending next week.

The councils meet the Department officially on September 17.

Figures by the Society of Metropolitan Treasurers show that the metropolitan authorities are set to exceed their original budgets by £113.7m, nearly all accounted for by the £103.6m Greater London Council budget rise.

The spending revisions at the Department show that the metropolitan districts have offered cuts of £27.8m, while the metropolitan counties, all controlled by Labour, have increased their budgets by £55.5m. The metropolitan counties have expanded services in some areas, either freezing or curbing transport costs.

Liverpool City Council is the only metropolitan district to have increased its expenditure. The city's revised budget shows £1.8m on top of the original budget.

The Conservative shire counties have cut spending by about £105m, while the Labour shires, such as Nottingham and Avon, have increased spending plans by £31m.

● W. H. Smith estimates that the rate bill for its 689 properties has gone up 21 per cent in 1981 to more than £8m, and that the company is likely to pay more than £10m in rates next year.

Rates on the chain's 15,500 sq ft store in Arndale Centre, Manchester, for 1981-82 were £191,736, including water rate. At the main W. H. Smith in Liverpool the rate was £120,000.

The company says rates on the Manchester store are equivalent to several weeks' trading there. The group is engaging consultants to appeal against rateable values, and has secured a reduction in rateable value of its Newcastle store by 7 per cent, to £7,550.

Governors may control Dimbleby Lecture

THE BBC's governors may demand control of the Dimbleby Lecture invitation, short listings and final approvals. Mr Alasdair Milne, managing director of BBC Television, said yesterday: "The governors may want to bring the procedure more in line with the Reith system."

Speakers for the Reith Lectures on radio are chosen by the governors. For the Dimbleby programmes they only confirm or reject the programme-makers' choice once this has been aproved by the director general.

The governors are seeking a "detailed account" of the corporation's entanglement in the Dimbleby Lecture row. They want to know "how we got ourselves into this situation" according to Mr Milne.

The row started when Sir Ian Trethowan, director general of the BBC, vetoed proposals for Mr E. P. Thompson to give the lecture. Mr Thompson would have taken a strong anti-nuclear line. The problem was worsened when the second runner, Mr Edward Heath, the former Prime Minister, was also dropped.

Neither of the potential speakers was amused by the saga or the attendant publicity.

On Monday the corporation revealed that it would not have a Dimbleby lecture at all this year. "There must be time for the dust to settle," it said.

The Dimbleby Lecture is watched by 3m viewers each year. It is normal for the corporation to choose well known names who will take a provocative theme. Past speakers have included Roy Jenkins, Lord Denning, Jack Jones and Robert Mark.

It amazed us that they could

After Mr Thompson was rejected things got worse with the suggestion, followed by repudiation that Mr Heath would give the lecture. "We embarrassed Mr Heath, we embarrassed ourseles. We are stil lembararssed," Mr Milne said.

"The muddle which at present surrounds the choice of lecturer and which the BBC greatly regrets, would make it difficult for any speaker to do justice to the chosen subject and maintain the standing of the lecture," he said.

Details are to be announced later. This means that there will be two Dimbleby Lectures next year—one in the spring and one in the autumn.

UK Ronson purchase talks 'advanced'

BY JAMES McDONALD

THE PRICE WATERHOUSE Receivers of Ronson Products, the makers of lighters and shavers, were at an "advanced state of negotiations" with two potential buyers last night.

The Receivers, appointed by Barclays Bank, which is owed nearly £9m by this British subsidiary of Ronson Corporation of the U.S., discharged 627, or nearly half, of the company's staff last Friday at Leatherhead, Surrey and North Shields.

The names of the possible buyers were not disclosed.

One is interested in taking over the entire Ronson British operation—the big lighter-making plant at Leatherhead and the electric shaver plant in the North-East.

The other potential buyer is interested only in "certain parts" of British Ronson, presumably the Leatherhead plant.

It is believed that up to £3m in cash has been offered by an anonymous foreign interest to the Ronson Receivers "to help your liquidity situation."

The brief of the two Price Waterhouse Receivers is to try to continue trading and seek an early sale of the business as a going concern. Their brief does not extend to Ronson Products' subsidiaries in West Germany and Australia.

Some resumption of supplies to Leatherhead and North Shields was agreed at the end of last week. Production was under way yesterday at Leatherhead of lighter flints, as was supply of Ronson petrol and butane lighter fuels.

● Another company put into receivership by its bank, but at its own request, is W. H. Baxter, the Leeds maker of stone-crushing equipment and quarry plant.

The company has encountered heavy losses, but continues to trade with a view to the Receivers' selling the business as a going concern.

In its latest year to end-March 1981 W. H. Baxter had a turnover of £2.6m, against £3.2m in the previous 12 months.

Whitelaw asked to probe 'unfair' prison labour use

BY LISA WOOD

MR WILLIAM WHITELAW, the Home Secretary has been asked to investigate whether or not the use of prison labour may pose unfair competition among private businesses.

The issue has been raised by a ladder maker, Abru Aluminium of Launceston, Cornwall, whose competitor, Duraflex Housecrafts of Cheltenham, Gloucestershire, uses about 40 per cent prison labour in the manufacture of its ladders.

Mr Perry Herrick, Abru's general manager, said that Abru had reduced its capacity recently and had made 12 of its 75 staff redundant. "It has come to our attention," he said, "that Duraflex Housecrafts was using prison labour to make a product which was more competitively priced than one of our products. It amazed us that they could put out a product so cheaply."

Mr Herrick said the company had therefore asked its local MP, Mr Gerry Neal (Con.) to ask the Home Secretary what rates were paid for prison labour whether the costing was comparable with that in private industry."

The Home Office said yesterday: "Every effort is made to ensure that prison labour does not present unfair competition to private industry. We have regular tripartite meetings with the TUC and the Confederation of British Industry to discuss general and specific problems in this area. Prices charged are based on current wage rates and overheads. These are regularly up-dated."

Mr Roger Moore, managing director of Duraflex—which also makes double glazing, windows and doors—said: "There are no unfair labour costs involved in using prison labour. Labour is not a significant part of unit costs. Material costs are. We are using imported aluminium which is cheaper than British aluminium.

"Prison labour is not cheaper than our own production but it is more versatile as production can be increased very quickly if we get a suddent export order."

Imperial Tobacco raising cigarette prices again

BY GARETH GRIFFITHS

THE PRICE of cigarettes and cigarillos produced by Wills and Player's, part of the Imperial Tobacco group, will rise on September 7 by 2p or 3p for a packet of 20.

Imperial said the price increase would reflect increased tobacco duty imposed by the Chancellor in July. John Player Special King Size, Player's No 6 King Size, Vanguard, Regal King Size, and Lambert and Butler King Size will go up by 3p to 95p for 20. Other King Size brands go up 2p to 96p.

All other filter cigarettes, cigarillos and plain cigarettes rise by 2p for 20. Distributors' cash margins will be maintained at present levels. The increase covers both increased duty on tobacco and 1p a packet more for brands selling at promotional prices.

Imperial's last price increase was on August 5 when packets of 20 went up by 3p or 4p. This increase was planned before the 3p extra excise duty. The market was thought unlikely to stand for a 7p increase at once.

Imperial expects cigarette sales to fall some 12 per cent in the full year. The hoped-for upturn at the end of the year has been discounted.

Home video group plan

BY LISA WOOD

THORN-EMI Video Programmes, launched in March last year, has joined with MCA Video Disc, the U.S. leisure and entertainments group to form a new company, MCA-Thorn EMI Programmes International to produce programmes for the home video market.

The enterprise is the first international production joint venture by two major entertainment companies for home video products. The intention is to produce programmes worldwide.

The venture is a logical progression of Thorn-EMI's video programmes division which was setup to market films and television shows. The new enterprise will be based in the U.S. and will be primarily producing material for the home video market.

Ipswich Town's Japanese deal

IPSWICH TOWN Football Club signed a £400,000 sponsorship deal with the Japanese hi-fi company Pioneer. Ipswich players will wear the Pioneer name on their shirts in all but televised games in the next three years. The money will go toward a new £1.3m west stand with an extra 5,000 seats.

Mr Bobby Robson, Ipswich manager, said: "Most clubs nowadays are looking towards commerce and industry to be linked into the game." Mr Kaneo Ito, chairman and managing director of Pioneer GB, said: "We wanted a high-class team to enter into a sponsorship deal with, and Ipswich are the ideal club."

£6m Esso order for John Brown

JOHN BROWN Engineering of Clydebank has won a £6m contract from Lummus UK for part of the Esso chemical methylene plant under construction at Mossmorran, Fife.

John Brown said it would supply one 35,000-horsepower gas turbine; a steam-turbine helper; associated gas-turbine ducting; pipeworks; and control systems for the charge-gas compressor unit of the ethylene plant.

New patrol ship ready early

LEEDS CASTLE, first of the Castle class of offshore patrol vessels, was handed over to the Royal Navy by Hall Russell, part of the State-owned British Shipbuilders, two months early.

The quick delivery will allow the Navy to show the vessel to staff of foreign navies invited to attend the Royal Navy Equipment Exhibition at Portsmouth next month. Leeds Castle and her sister ship Dumbarton Castle, being fitted out for delivery by Hall Russell next year, were developed to patrol the 200-mile territorial limit and offshore oil production areas. Both can take on board a Sea King helicopter.

Depot closed

LINFOOD HOLDINGS, the Midlands cash-and-carry company, has closed its catering supply depot at Wellingborough, Northants, with loss of 50 jobs. Work is being transferred to similar depots at Coventry and Peterborough.

Trustee Savings Bank strengthens group team

BY WILLIAM HALL, BANKING CORRESPONDENT

MR PHILIP CHARLTON, general manager of one of Britain's smaller Trustee Savings Banks, has been appointed a deputy chief general manager of the TSB central board. He is expected to take over as chief general manager when Mr Tom Bryans retires.

Mr Charlton is one of a number of new appointments strengthening the senior management team of the TSB group central executive which monitors and controls the 16 regional TSBs. Altogether, the TSB group has 1,650 branches and deposits of nearly £6bn.

Mr Charlton, who is 51 and the general manager of the TSB of Wales and Border Counties, will take up his new appointment on October 1. He has worked in the Trustee Savings Bank movement all his life, joining the old Chester Savings Bank when 16.

Mr Derek Stevens, a senior executive of United Dominions Trust, the finance house recently purchased by the TSB, has been appointed general manager (finance) of TSB group central executive with effect from September 7.

Mr Ian Marshall, of TSB central executive, has been appointed to a new post in charge of strategic planning, covering corporate planning and special projects.

Mr Tom Bryans, the chief general manager of the central board has been the main architect of the recent transformation of TSB branches into fully fledged banks.

Most restrictions have been removed. The 16 regional TSBs now call themselves "Britain's leading personal banking group."

U.S. hospital chain plans Harley St. surgery unit

BY GARETH GRIFFITHS

HUMANA, one of the major U.S. private hospital chains, is to open a £1.5m day care unit in London's Harley Street where patients will be operated upon and released the same day.

The hospital will open officially at the end of September. Humana says the profit-making scheme will cover non-emergency surgery and will reduce treatment costs. It estimates that the unit will treat up to 4,000 patients a year.

The unit will have eight receiving beds and three operating theatres. Fees will be kept below the cost of rooms in other private hospitals as no overnight accommodation is required.

Fees range from £20 to £99, plus operation costs and charges for drugs and ancillary treatments. Consultants' and anaesthetists' fees can add several hundred pounds to the basic hospital charge.

Humana said yesterday the day care unit was aimed at the domestic market funded partly by the provident associations such as British United Provident Association, the Private Patients Plan and the Western Provident Association.

The provident associations have been consulted over the scheme and Humana says they are in favour. The company owns the Wellington hospital, one of London's most expensive private hospitals.

Liverpool and Tyneside enterprise zones open

BY LISA WOOD

TWO NEW enterprise zones, in Speke, Liverpool and Tyneside, came into operation yesterday.

This brings the total number of enterprise zones in action to 10. Two others, in Hartlepool and Belfast will assume their legal entities in October. A third, on the Isle of Dogs, London is scheduled to be launched next year.

The Liverpool enterprise zone at Speke covers 340 acres. It includes the redundant Dunlop tyre plant which closed with the loss of 1,200 jobs, a number of advance factories nearing completion, and part of the perimeter of Liverpool airport.

More than 50 inquiries from all parts of the country have been received from companies interested in taking advantage of the special provision made by Sir Geoffrey Howe, Chancellor of the Exchequer, in his Budget last year.

The benefits for companies investing in enterprise zones include relaxed planning requirements, exemption from rates for non-domestic property, and 100 per cent capital allowances for industrial and commercial properties.

Hugh Routledge

ROAD WIDENING work continuing on the M1 in Hertfordshire. This dual two lane section of the motorway between junctions 5 and 7 is being converted to standard three lane with hard shoulder. From there to junction 8 at Hemel Hempstead the road will be widened to four lanes in each direction.

The work started last October, is expected to take about two years. Although five bridges have to be extended, present traffic capacity is being maintained during the day, with occasional partial closures at night.

The section between junction 5 (Berrygrove) and junction 8 (Breakspears) formed part of the first 72 miles of the motorway to be constructed. This ran from the A41 at Watford to the A428 near Rugby and was opened to traffic on November 2 1959.

It was intended at the time that the motorway would split at Hemel Hempstead to provide two dual two lane motorways for traffic to continue its journey into London — one via the M1 to Watford and the other via the M10 and onwards to north east London.

However, the M10 was never extended further than Park Street near St Albans. Traffic flows on the two-lane section of the M1 have increased to such an extent over the last few years that it is now severely congested.

In 1973 and 1976 proposals for widening this section of the M1 were debated at public inquiries and the decision to go ahead announced in November 1978.

The compulsory purchase order for the land was challenged in the High Court. The challenge was resolved early in 1980 and the contract for the work awarded to John Laing Construction in September 1980. The tender price was £27.3 million.

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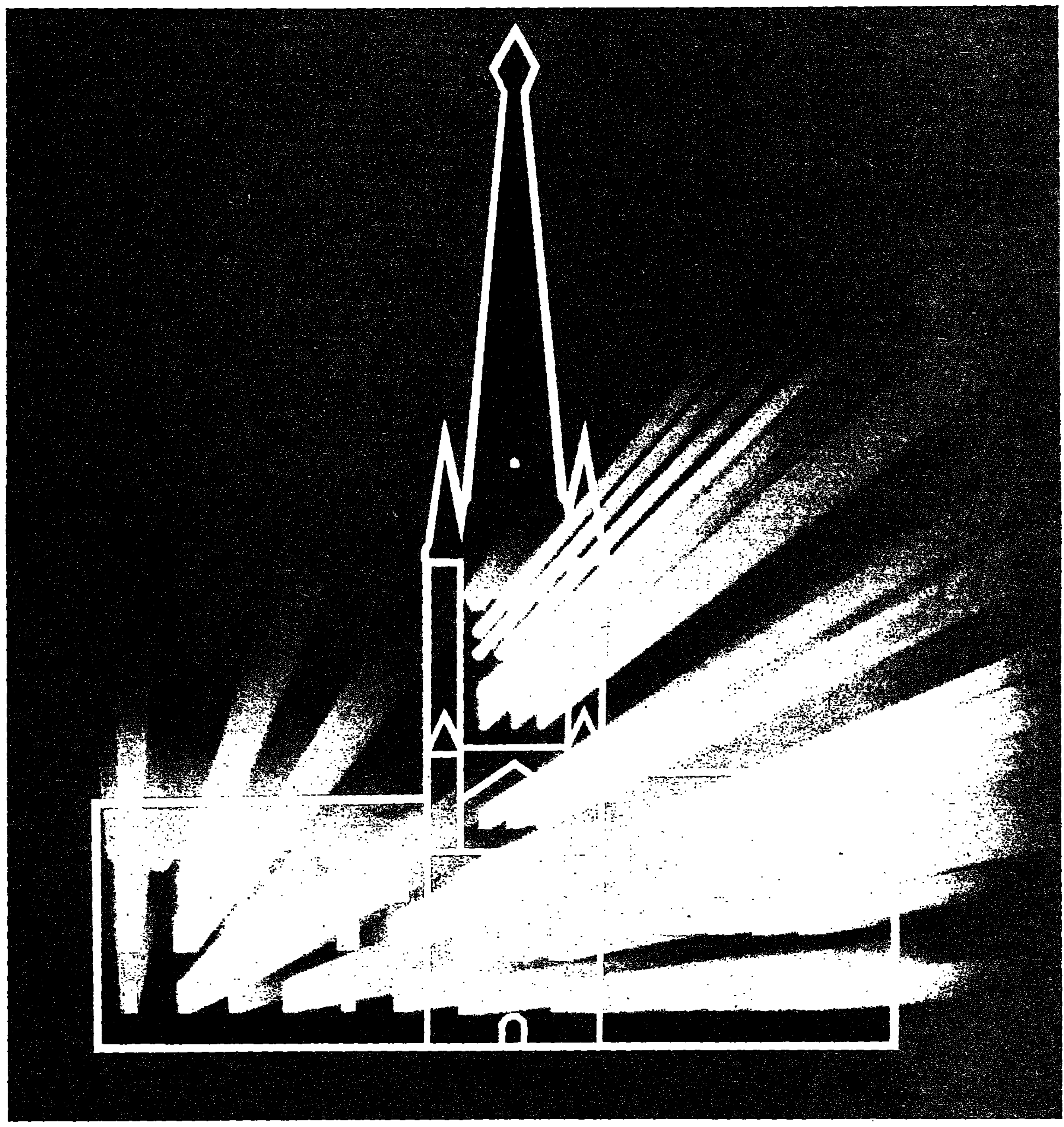

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Women find buyer for Lee Jeans factory

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

A SEVEN-MONTH sit-in by 139 women workers to prevent the closure of the Lee Jeans factory at Greenock has ended in victory—a buyer has been found and production is soon to be resumed.

The women mounted a round-the-clock vigil next to their sewing machines at the factory after the U.S.-owned VF Corporation announced last February that it would be closing the factory and moving is operations to Northern Ireland.

On Monday night, Mr Robert Charters, a former director of VF Corporation in Northern Ireland, announced he would lead a consortium to buy the factory. The company will be known as Inverwear.

Backed by the Scottish Economic Planning Department and an unnamed financial institution, Mr Charters is said to have bought the corporation's price down from its initial £800,000 demand.

The takeover package includes a commitment from Mr Nigel Wright, the proprietor of the Dickie Dirt's cut price jean chain in London, to purchase 100,000 pairs of jeans a week when production starts in about a month.

Mr Wright tried to buy the factory but was unable to agree on a price with the corporation in Pennsylvania.

Mr Charters will visit the plant this week to prepare for full production. Mrs Helen Monaghan, leader of the group of women, told reporters: "It has been a long and hard fight and we have sometimes despaired but it has been worth it." They planned a victory dance to thank their supporters.

Mr James Milne, general secretary of the Scottish Trade Union Congress, said time had proved the women right. Mr George Younger, secretary of State for Scotland, praised the women's perseverance. "With such a dedicated and committed workforce the future of the factory must be bright," he said.

Since February 5, the women have run a well-organised sit-in with discos, keep fit classes and bingo sessions. Delegations under Mrs Monaghan, backed by the Scottish trade union movement, sought to find a buyer.

Only 139 of the original 240 workers who joined the sit-in remain. Mrs Monaghan and her colleagues toured the country speaking at rallies and leading parades. A fighting fund was set up by unions in the Clydeside area to finance the sit-in, which became a rallying point for the Labour Party and the trade unions. The left wing of the Scottish National Party also added its support.

UF Corporation launched its operation in Greenock to supply the Scandinavian market but sales slumped because of the high value of the pound. The company wanted to shift its operations to Northern Ireland to take advantage of development grants and cheaper labour.

Britain's £125m travel account deficit in this year's first half

BY JAMES McDONALD

WITH FEWER people coming to the UK for holidays and spending less per head, and more Britons going abroad for leisure, Britain's "travel account" had a deficit of £125m in the first half of this year. This compares with a surplus of £151m in the same period last year.

Travel agents reckon that the trend for overseas travel by Britons is continuing to grow.

Thomson Holidays, the largest UK package tour operator, for instance, is to offer next year about 10 per cent more holidays—835,000 trips.

Trade Department statistics published yesterday showed that 980,000 overseas visitors came to the UK in June—13 per cent fewer than a year before. Visits abroad by Britons, at 1,830,000, were about the same as in June 1980 — almost a two-for-one imbalance for Britain.

Britain's travel account for the month was in deficit by £65m. There was a £25m deficit in May.

Overseas visitors spent £245m in June in the UK—10 per cent less in June 1980—while Britons abroad spent 6 per cent more than a year before at £310m.

Compared with June last year the Trade Department says that the number of visitors from all areas declined. Those from North America declined by 2 per cent over the year, and those from European Community countries by 16 per cent.

There was a drop of 28 per cent in visitors from other West European countries.

International passenger survey figures for the first half of this year show that visitors to the UK—at 4.72m—were 11 per cent fewer than in the same period last year.

Visits abroad by Britons — at 7.61m—were 4 per cent higher.

The number of visitors from North America rose by one per cent in the first half of this year compared with 1980. The largest decrease, comparing the two periods, was in visitors from European Community countries —15 per cent.

With the dollar strong against sterling but the pound still strong against many European currencies, Thomson is to offer over half its 835-000 holidays next summer in Spain.

Generally, Thomson's prices next year will be about 5 per cent higher than this summer's offers. Pointing out that this is less than half the current inflation rate, Thomson says this is because of the continued strength of sterling against other European monies.

Carron seeks permission to visit prisons in Northern Ireland

BY OUR BELFAST CORRESPONDENT

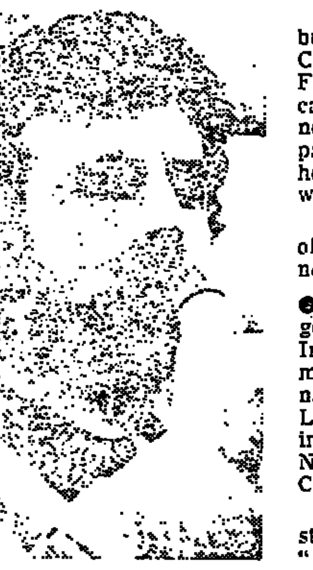
MR OWEN CARRON, the newly elected MP for Fermanagh and South Tyrone who supports the demands of IRA prisoners, is seeking permission to visit the Maze Prison and other jails in Northern Ireland.

His request to the Northern Ireland Office follows his telegram to Mrs Margaret Thatcher asking for an urgent meeting to discuss the hunger strikes.

However, Mr Carron may be disappointed on both counts. The Prime Minister is expected to reply today or tomorrow and it is unlikely she will agree to a meeting. Mr Carron might be offered a meeting with a junior minister in the Northern Ireland Office.

The Northern Ireland Office could refuse him permission to enter the prisons. All parties represented in the House of Commons are allowed one "general interest" visit a year but because Mr Carron is not taking his seat, he may be disqualified.

He made frequent visits to tho Maze Prison in his capacity as election agent to Mr Bobby Sands who died on hunger strike after his victory in the Fermanagh and South Tyrone by-election in April.



Mr Owen Carron

Mr Carron, in an interview published yesterday in the Dublin-based Irish Times, said he agreed with Mr Gerry Adams, a vice-president of Provisional Sinn Fein, that "legitimate armed action against the British forces" was a necessary part of the struggle of Irish nationalists.

A bomb exploded in a partly built house belonging to Mr Carron's brother in County Fermanagh early yesterday causing severe damage. The newly elected MP said a police patrol had been seen at the house earlier and he said this was "sinister."

The RUC said the implication of Mr Carron's statement was not worthy of comment.

● A tidal barrage able to generate one-tenth of Northern Ireland's electricity requirements could be built across the narrow mouth of Strangford Lough in County Down, according to a report from the Northern Ireland Economic Council.

The council's preliminary study shows that it would be "technically and economically feasible" to go ahead with the scheme.

The report says it would cost £334m at March 1979 prices to construct a barrage consisting of 30 turbines with a total capacity of 210 megawatts.

Strangford Lough Tidal Energy, from the Northern Ireland Economic Council, Parliament Buildings, Stormont, Belfast.

Chairman of airports authority reappointed

By Michael Donne, Aerospace Correspondent

MR NORMAN PAYNE, chairman of the British Airports Authority since 1977, is to be reappointed for a further five years when his present term expires on February 28 next year.

Mr Payne will thus be able to steer the BAA's campaign for the further development of Stansted Airport, Essex, through what is likely to be a difficult period in the next two or three years.

The Public Inquiry into the plan to develop Stansted, initially to a level of 15m passengers a year, opens later next month. It has been widened to include consideration of a fifth terminal at Heathrow or an airport on reclaimed land at Maplin off the Essex coast.

The inquiry is likely to last between six months and a year, and a Government decision on Stansted is not likely to be taken until 1983.

Mr Payne joined the BAA on its inception in 1965 as director of engineering. He was appointed to the board in 1971 and became chief executive in 1972.

Under his chairmanship, the BAA has maintained profitability, with the accounts for 1980-81 showing a trading profit of £37.9m.

Mr Payne's reappointment is seen as an endorsement by the Government of his tough line in making the BAA pay its way, despite airline criticisms of high landing fees and other charges.

Cross-examination of Stern refused

CREDITORS OPPOSING an application for discharge from bankruptcy by Mr William Stern, former property tycoon and the world's biggest bankrupt, were refused leave yesterday to question him.

Mr Registrar Dewhurst, in the London Bankruptcy Court, ruled against three unsecured creditors who sought to cross-examine Mr Stern about his lifestyle, his business conduct and commercial morality in the running and management of the Stern group of companies.

Hungarian-born Mr Stern, who became a naturalised American citizen in 1956 and whose property empire collapsed in 1974, has debts estimated at more than £118m. His application for discharge was provisionally adjourned to October 2.

The registrar, giving a reserved judgment, said that what the opposing creditors were trying to do was to embark on a "large scale fishing expedition as to Mr Stern's conduct before the receiving order in the hope that something would come to light which would persuade the court to refuse the discharge.

"I cannot see any circumstance in which it would be right to permit this once the public examination had been concluded. The affairs of this bankrupt were very fully investigated at his public examination over a number of days," the registrar said.

Mr Stern, of West Heath Avenue, Golders Green, London, was not in court to hear the judgment.

The creditors, banks Keyser Ullman, the Crown Agents and the First National Bank of Chicago, will now consider whether they wish to appeal against today's decision.

Poulson bankruptcy amendment granted

FORMER international achitect Mr John Poulson successfully applied for an amendment to the terms of his order for discharge from bankruptcy at a Wakefield court yesterday.

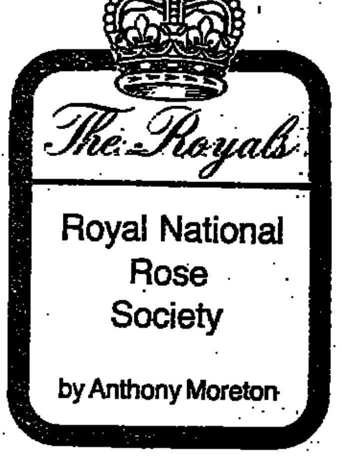
Judge Geoffrey Baker, QC, granted the application after hearing that Mr Poulson, 71, of Carleton Green, Carleton, near Pontefract, West Yorkshire, could face higher outgoings in connection with his autobiography, to be published next week, than the book would earn in royalties.

Mr Poulson, the Yorkshire architect who built up a multi-million pound empire, was jailed for seven years in 1974 for corruption which involved the bribing of public officials and politicians.

Hugh Routledge

Mr Len Turner, Royal National Rose Society Secretary.

The English rose by any other name



THE ROSE is quintessentially English. Henry VII defeated Richard III at Bosworth field in 1485 under the emblem of the red rose. Geoffrey Boycott wears the white rose on his cap at Headingly. Rose of England sang the Victorians and the pink rose is always associated with Queen Alexandria, long-suffering consort of Edward VII.

Yet the rose is only English by adoption. It came to this country in the middle ages from China and Persia and the flower is grown in larger numbers in France, Germany and the U.S.

It is one of life's ironies that Queen Elizabeth, that floribunda whose pink flowers shoot up to seven or eight feet, making a marvellous hedge display, was not raised in the UK at all but came from California in 1955.

Despite these foreign antecedents, we have adopted the rose to ourselves. Len Turner, secretary of the Royal National Rose Society, cautiously accepts that "it is probably the most popular flower. There are many gardens where you won't find a dahlia or a chrysanthemum," he says, "but not many without a rose bush."

Many of those bushes have become household names. Peace, which also came from the U.S., Grandpa Dickson, Superstar, Ballerina, Piccadilly and Albertine: If there were a Pantheon devoted to roses these would surely be in it.

Yet we are also fickle about our favourites. The raisers — the name the trade gives to the growers—are constantly coming up with new roses which quickly supplant the old in our esteem.

Peace, introduced in 1942, Queen Elizabeth and Iceberg, 1985, are among the exceptions. Probably the most popular now is the peach pink and cream Silver Jubilee, which came in in 1978.

Colours

Others high in the popularity stakes include Glenfiddich, 1976, Dame of Sark, 1976, Elizabeth of Glamis, 1964, and City of Leeds, 1966. Roses introduced as recently as the 1950s, like Lili Marlene, 1959, tend to be low on the list.

We are also fickle about our choice of colours. The bright vermillions such as Superstar and Duke of Windsor or other reds such as Piccadilly, National Trust and Lili Marlene gave way first to the orange-yellows (Glenfiddich, Whisky Mac), and now yellow is all the rage.

Grandpa Dickson is the most popular, but it will undoubtedly be overtaken before long by Mountbatten, a new rose.

Mountbatten comes from the firm of Harkness, which has been associated with raising for year. It has a head start over other favourites by being included in the wedding bouquet of the Princess of Wales.

Another likely yellow winner is Clarissa Mason (named after the actor's wife). Rebecca Claire, coppery orange edged with light coral, which last year won the President's International Trophy, the top award for rose raisers, is a strong candidate for our affections.

All these, and hundreds more, can be seen at the society's garden just outside St Albans. There are about 900 named varieties on display, with others still to be named undergoing tests. In all, there are about 30,000 bushes on display.

Len Turner says there are about 2,000 varieties commercially available and as many again tucked away in the corner of some nursery, or perhaps in your own garden, which are not now available.

Inferior

The society was started in 1876, the brainchild of one Honywood d'Ombrain. But it was Reynolds Hole, Dean of Canterbury Cathedral and the society's first president, who did most to get off the ground.

In Victorian days the clergy were strongly represented in the rose world, but the roses were greatly inferior to today's, blooming only once a season. It was not until the start of this century that roses were raised that bear semblance to today's flowers.

The breakthrough came with hybrid tea variety in 1867. Its flowering capacity, quality of bloom, and ability to repeat itself appealed to gardeners anxious to maintain colour throughout the summer.

This is the strength of the rose. It first flowers from late June-early July to the middle of August; there is a second season in September and it is even possible to get a third in October. Gardeners get good value for money from a rose bush.

But he rebuts the contention that roses are no longer as fragrant as they were. The hybrid perpetua of a century ago had less fragrance than most raised since then and today's sweet smellers can match the best of the past.

Heinz means to aid 12 charities

TWELVE charities, which help children, the disabled, and the hungry, and medical research, will share up to £500,000 as part of a label-collection promotion by H. J. Heinz.

Heinz will give £10,000 to each charity. It will then give 1p for every label received—up to a total of £500,000, from October 1 to the end of February. Participants will decide which of the 12 charities receives the money.

Pit faces 'test case' closure

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE NATIONAL Coal Board will force through the closure of a Durham colliery next month in spite of opposition from the area council of the National Union of Mineworkers.

It will be the first closure without agreement since the threat of a miners' strike in February led the board to withdraw a list of 23 pits it wanted to close.

A meeting of delegates from the Durham area agreed unanimously last weekend to oppose the closure. The area has already secured the backing of the NUM annual conference last month.

Mr Tom Callan, the Durham area secretary, said yesterday that the issue would be taken to the NUM's national executive in September.

The union believes that further reserves of about 600,000 tonnes of coal could be opened up to extend the life of the pit.

However, the board says that new drivages (access tunnels) to these reserves would take 18 months without production, and would cost £4m. It has told the union that the coking coal produced by Houghton is of poor quality, and that the pit is uneconomic.

The closure of Houghton Colliery, north of Durham, could represent a test case in the National Union of Mineworkers' determination not to allow closures except where it has agreed that the coal reserves have been exhausted.

The Durham NUM has fought themove through the various levels of the appeals procedure, and has now received the final decision from the board. The closure date has been fixed for September 28.

Since the settling of the threatening strike in February, three pits—Lady Victoria in Scotland, Blackhall in the north-east and Morlais in South Wales—have been closed by agreement.

Two others—New Hucknall in Nottinghamshire and Orgreave in South Yorkshire—had their closures deferred after opposition from the union.

However, the union may feel that the ground on which to fight the closure of Houghton is weak. The 230 miners at the pit have already voted, by a two-to-one majority, not to press for continued working in the pit.

About 180 have been found jobs in other pits—which the board says will pay higher bonuses—while others have been offered voluntary redundancy.

The NUM executive, which discussed the issue before the annual conference, voted against supporting a fight at Houghton, a decision later overturned by the conference.

The level of opposition may depend on how far the Durham miners, a moderately-led area, feel that other pits originally on the closure list are threatened.

Mr Callan said that it was felt that Bearpark, Boldon and Sacriston—all originally on the list—could be put forward by the board for closure if the Houghton decision was accepted.

Lorry dispute ends at Merseyside dock

BY OUR LABOUR CORRESPONDENT

THE SPECIALISED container terminal in the £50m Royal Seaforth dock complex on the Mersey resumed work yesterday after 10 days of disruption caused by a dispute involving transport drivers.

The terminal, closed for several days, was re-opened for traffic and a number of lorries arrived with export cargo after the lory drivers' picket was lifted. But there were no container ships at the berths; six having been diverted from the port because of the dispute.

The Mersey Docks and Harbour Company has obtained an injunction in the chancery division of the High Court in Manchester restraining the picketing. There will be a full hearing.

The injunction was granted against a full-time official of the Transport and General Workers Union and four members of the local transport branch committee.

The dispute arose because unofficial container stamps issued to drivers employed by authorised companies were being checked by pickets at the terminal in a bid to eliminate undercutting "cowboy" operators and preserve union jobs.

● Talks between union officials and the Mersey Docks and Harbour Company on a pay and productivity package are expected to end this week, after 150 hours of meetings during the past five weeks.

A meeting of shop stewards yesterday discussed the position reached in the talks and will resume the final meetings with the employers today.

It is expected that details will be put to a meeting of the port's 3,500 dockers before the weekend.

The talks are aimed at securing substantial improvements in productivity and in linking these improvements to a wage offer. The union had earlier refused to discuss productivity and called six one-day stoppages in the port.

Stable staff win 9.5% rise on minimum basic wage

BY OUR LABOUR STAFF

THE MINIMUM basic weekly rate for stable staff has been raised by 9.5 per cent by the national joint council which fixes minimum entitlements for this group.

This raises the minimum from £63 to £69 and the settlement also increases allowances by 10 per cent.

A working party is being set up to study qualifications for stable staff and anomalies in their pay structure.

Mr. Ron Todd, national organiser for the Transport and General Workers Union and secretary of the work people's side of the council said yesterday that this could result in a further £1 on the basic during the life of the present agreement. This runs from August 1.

A separate working party is also being set up to discuss the possibility of introducing a shorter working week for stable staff.

The TGWU organises stable staff in most of the main racing centres. Racing, Page 16

Early pay claim at Ford

BY OUR LABOUR STAFF

REPRESENTATIVES of works committees at Ford plants are meeting early next month to fix this year's wage and conditions claim which will again include demands for shorter hours.

The unions side will seek a meeting with Ford to submit the claim prior to the scheduled meeting at the end of October.

The unions expect this year's talks to be linked with the company's After Japan productivity proposals.

Mr. Ron Todd, Transport and General Workers Union national organiser and leader of the Ford unions negotiating team, is addressing mass meetings of workers at the Halewood site, Merseyside on Friday on the unions recent commitment to improve production continuity and reduce unofficial stoppages.

Meetings at some other sites including Dagenham, have already been held. Meetings at Swansea and Treforest are scheduled for October.

● The man who ordered all black workers entering a car factory to be stopped and their identity checked, has been severely reprimanded.

Mr Ray Coxon, chief security officer at the Austin Morris car assembly plant at Cowley, has also been told he could face dismissal if he issues another similarly-worded instruction.

Announcing the result of the company's two-day investigation, Austin Morris said that Mr Coxon admitted his action could be viewed as discriminatory and apologised for his conduct.

FINANCIAL TIMES SURVEY

Wednesday August 26 1981

THE CHARTERED SURVEYOR

The scope of the job has expanded enormously and the surveyors' professional body in the UK - which celebrates the centenary of the granting of its Royal Charter today - now represents more than 57,000 members. This year also marks a point when the profession is making an intensive reappraisal of its activities to stay abreast of the times.

Facing demands of society

By Michael Cassell

SURVEYING IS essentially concerned with every aspect of the valuation, assessment and management of land and property. But decades of development have seen the profession expand enormously in scope in both the private and public sectors.

Now it embraces a range of activities from agriculture, forestry, building construction and maintenance, estate agency, minerals management and development, seabed exploration and even the penetration of outer space.

Many of the activities with which surveyors are concerned are in the forefront of political controversy, such as land, housing and planning policies, the regeneration of inner cities and institutional investment in land purchase and development.

The Royal Institution of Chartered Surveyors has assumed the heavy responsibility of leadership for its 57,000 members working in Britain and abroad and is well aware that both its own standing and the reputation and relevance of the profession it represents will be maintained only if it shows itself able and willing to respond to the changes society demands of it.

Today the RICS celebrates the centenary of the granting of its Royal Charter and it does so at a point when the surveying profession is deeply engaged in an intensive self-analysis and re-appraisal of its activities to ensure that its practioners stay abreast of the times.

With technological evolution likely to accelerate over the coming years, it will be crucial for a profession so inextricably bound up with the fabric of society to prove itself forward-looking, innovative and dynamic. There are grounds for suggesting that the surveyors have not always displayed all these qualities but past weaknesses have been acknowledged and there appears to be a general determination to improve on a sometimes patchy track record.

According to Mr Philip Watkins, President of the RICS: "We live in an age in which the consumer has become increasingly aware of his strength and is righly insisting on the highest standards of performance from those who seek to serve them.

"Under the terms of the Royal Charter, chartered surveyors are bound to act in the public interest but they will retain their hard-won public esteem and much-treasured independence only if they are seen by the consumer to be striving for the highest professional standards and for complete integity."

There are excellent grounds for claiming that evolution is preferable to revolution but the surveyor, like other professions, have to accept the need for change and must stimulate rather than stifle initiatives.

Monopolies Commission recommendations that long-standing scales of charges for most surveyors' services should be abolished are now nearly four years old and yet how the profession should best respond to the new circumstances is still undecided.

Perhaps the surveying world feels under most pressure in the field of consumer protection. As the RICS itself has pointed out: "Consumer pressures and consequent intervention through legislation in the affairs of the profession have created an adversarial stance between the Government and the professions, which is not in the public interest."

But while the surveyors have pointed out the paradox contained in a situation in which the consumer lobby demands competition on fees while insisting on the highest standards of competence and conduct and complete protection in cases of negligence or incompetence, they also accept that initiatives to remove any hostile public attitudes which exist must come from within the profession.

Failure to impose effective self-regulation inevitably will result in increasing intervention and the imposition of bureaucratic controls which the surveyors at least would find objectionable.

In this context, the RICS code of conduct is being seen as an increasingly vulnerable target. Recent—as yet unresolved—attempts by the Director-General of Fair Trading to bring some of the professions' services within the scope of the Restrictive Trade Practices Act 1976 are regarded by the surveyors as illustrative of the "adversarial" climate now adopted by the Government and its offshoots towards the self-regulatory abilities of the professions in general.

New controls for estate agents, enshrined in a new but dormant Act of Parliament, represent another example of what the profession sees as a growing threat to its independence.

The surveyors have admitted in the past that they are sometimes slow to adopt codes of good practice but they now feel that consideration of action in one or two vital areas has become a matter of the utmost priority.

At the top of the list is the widening of the RICS code of conduct to provide safeguards for the public against negligence and incompetence. At present, negligence on the part of a member is deemed by the institution to be a matter for the courts while incompetence can result in internal disciplinary action—though the RICS has no powers to impose fines or award damages.

In essence, the position is one of inadequate supervision by the profession itself and the RICS is now seriously examining a series of measures to strengthen its code of conduct and establish a level of accountability which the public now expects but which few professions have yet managed to achieve.

The RICS code is being revised on a number of fronts, not least with a view to extending it to cover the matters of negligence and incompetence so that defaults can be treated as professional misconduct. There is already general support for the principle that when a member defaults in his obligations to the extent that a client suffers loss, then the profession will ensure that any such losses are reimbursed.

The question of compulsory indemnity insurance is now under active discussion and while there seems to be almost unanimous agreement over the principle, the most acceptable method has yet to be decided on.

The basic choice rests between a master policy covering all members—making it more difficult for the insurer to assess the risks—or the compulsory adoption of individual policies which meet RICS guidelines and which inevitably would present the profession with an administrative headache. Discussions are likely to continue for at least another year but it looks increasingly likely that an indemnity scheme will be operating within two years.

The question the profession now faces is whether insurance should be compulsory for all members in private practice and should extend to all losses that clients could incur through dishonesty, incompetence or negligence.

The RICS accepts that if it is to become more closely concerned with the monitoring of professional competence, bringing it within the code of conduct, it must institute a regime which ensures that identifiable standards are established and maintained. With this in mind, it has called for a concept of "continuing professional development" which sets out compulsory, rolling programmes of self-education for members.

The scheme, which is already compulsory for newly-elected members, entails an educational programme with a minimum hourly commitment, designed to advance the individual's own knowledge and understanding of his profession.

Regulations to cover the programme's implementation are now being circulated and the RICS attaches great importance to a plan which it believes will be instrumental in supporting the status of the chartered surveyor over the next decade, setting him aside from others within the same profession. At some later stage, the introduction of a practising certificate — to be renewed annually —could maintain standards, as is the case for solicitors.

But such internal affairs do not represent the boundaries of concern for the institution, which faces an enormous challenge in the shape of rapidly-changing technology and the ability of surveyors to exploit it.

Few better examples of that challenge exist than the one which lies under the sea. With the nations of the world now busy establishing what amount to exclusive underwater economic zones, the hydrographic surveyor will be called on to provide the type of services which have so far been used in extremely limited areas, such as the North Sea and the Gulf. With as much of the seabed to be explored and exploited as the whole of the earth's land mass down through history, the

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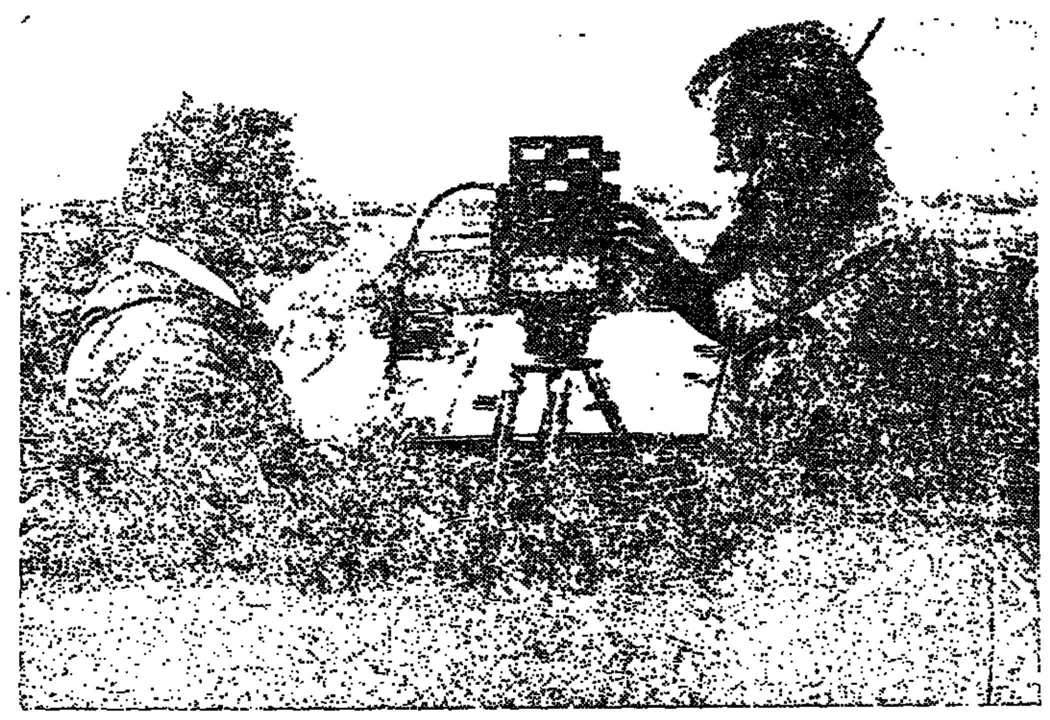


Land surveyors check setting out of the centre line of the Humber Bridge in advance of construction. The £38m road bridge opened to traffic in June

CONTENTS

'Economists' gain recognition on team

CHARTERED QUANTITY SURVEYORS have not, in the past enjoyed much of the glamour associated with their fellow professionals in the construction industry. Their names do not tend to be recorded on plaques on award-winning buildings or linked with great civil engineering triumphs.

As the backroom boys who measure other people's designs and produce bills of quantities for building contractors to tender on, and then check and produce bills of quantities and value the successful contractor's progress, they were traditionally expected to take a secondary role.

In fact, following the establishment in 1835 of the (now Royal) Institute of British Architects, one byelaw specifically declared ineligible or liable to expulsion any member who engaged in "the measurement or valuation of any works undertaken under the member's own designs or directions."

As a result, the emergent QS profession (whose informal origins are dated as far back as the post-Great Fire rebuilding of London, with a major boost coming from the military preparations of the Napoleonic era) teamed up with the professions of the land. From here, the quantity surveyors have now achieved a powerful management base as the economist of the construction team.

The reason, quite simply, is that clients in both private and public sectors are becoming more cost and budget-conscious, and correspondingly anxious to ensure the best return on the construction element in their investment. They are, therefore, responsive to the presence of a cost-orientated profession which strikes them as having a management-based approach and which has added to its traditional armoury of bills of quantities production and valuation such new skills as cost planning, project management and contract administration, and has embraced with enthusiasm the opportunities offered by computers and microprocessors.

So, the present-day architect, whose 19th-century predecessors voted to exclude quantity surveying activity from the ranks of their profession, can find himself reporting to a QS as the client's representative. This involves, of course, the discipline of designing within cost limits — something which is not necessarily to the taste of architects.

Not that the trend is all in one direction. For example, some chartered quantity surveyors are concerned about the effects of the Government's abolition, earlier this year, of the housing cost yardstick for public sector residential development. They see this disappearance of effective cost guidelines as a retrograde move.

Nor have the quantity surveyors proved any more immune than other groups in the construction industry from the consequences of recession and public expenditure cuts. During the last quarter of 1980, more than half of all firms covered in the RICSs' regular workload survey reported that they had less work in hand compared with the previous quarter. This came at the end of an 18-month period of steady decline.

Since this peak, it is true that the rate of fall-off, though still in a decreasing overall market, has progressively slackened, leading to hopes of improvement. At the same time the chairman of the survey working party, Mr Peter Hart, has recently expressed both disappointment, that the private industrial sector "which has always been considered a key indicator" is running counter to this apparently improving trend, and concern, that smaller firms are faring proportionately worse than larger ones.

However, chartered quantity surveyors have one great advantage with which to offset the present economic uncertainties. This is the scope which has recently appeared—and of which they are taking full advantage—for diversifying and employing their skills away from their traditional area of concern, the building of buildings, and throughout and even beyond the entire spectrum of the construction industry—both as independent consultants and as experts within clients' and contractors' organisations.

Petro-chemicals, process engineering, heavy industrial plant, mechanical and electrical contracting, large-scale civil engineering and major international turnkey projects are all relatively new fields for the expertise of the QS. His arrival on the scene has, in fact, been rapid enough to upset some traditional practitioners.

"Consulting engineers and contractors, who had handled the costings for so long, did not take kindly to the intrusion of the QS who, they felt, had neither the technical knowledge nor the ability to measure and price engineering work." So comments Mr Dennis Shepherd of the WT Partnership, who are carrying out quantity surveying for part of the NCB's Selby coalfield development.

Familiarity has bred respect though and more consulting engineers are now likely to agree with Dr Chris Liddle, managing director of international chemical engineering contractors White-Young Project Development. Addressing a recent RICS QS divisional conference he said: "The functions of monitoring and reporting, when coupled with cost engineering and contract administration, constitute a powerful armoury of weapons which could well be successfully deployed by the QS in the battle to achieve the goals of cost, time and quality."

His remarks sum up the reasons for the expansion of the QS into engineering. Increasing cost-consciousness, coupled with the sheer complexity of modern, multi-million pound projects, dictate the logic of entrusting cost and contract administration to a specialised body of professionals.

Responding to the trend, the QS division of the RICS has recently put considerable emphasis on engineering opportunities, by expanding professional education and arranging special seminars and courses. The scope is evident from a sample of major projects involving chartered quantity surveyors: besides Selby there is the Sullum Voe North Sea oil terminal; the new Munich and Sharjah airports; the Suez tunnel; the CEGB's Dinorwic pumped storage power station in Snowdonia; and the world's largest covered shipyard, at Sunderland.

The locations of some of these schemes underline the present-day international role of this quintessentially Anglo-Saxon profession. (Britain was the only country to foster a separate specialisation in construction economics.) Chartered quantity surveying firms are now active in 65 countries — including the U.S., with its strongly-developed tradition of in-house measuring and pricing by contractors and engineers.

As for their growth in expertise, construction is unlikely to be the end of the story. Land reclamation, landscaping, agriculture are all actual or potential areas of QS involvement—as is shipbuilding. If QSs cost-control a ship, can it be long before they are doing the same for a satellite—or spacecraft?

David Crawford
Editor-in-Chief, Chartered Surveyors Journals.

Building surveyors extend their scope

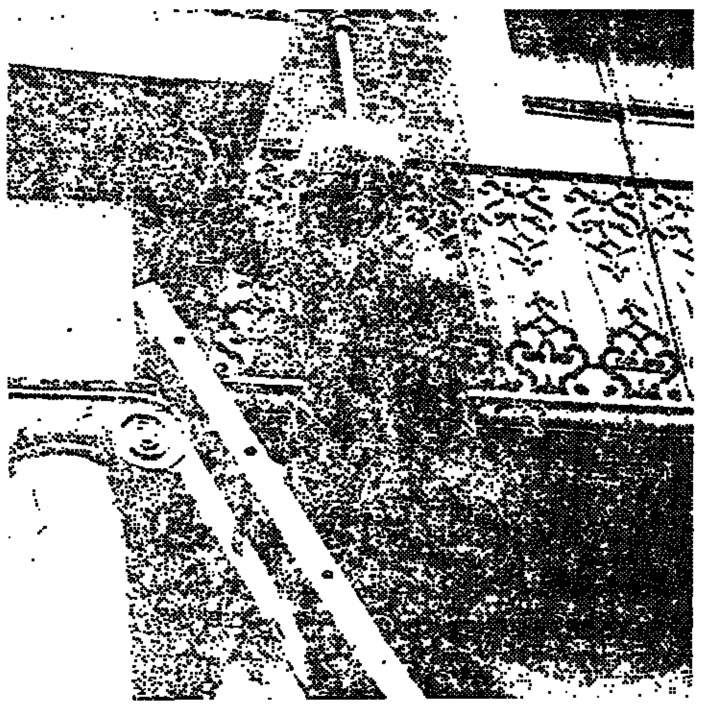
THE BUILDING surveyors' division in the Royal Institution of Chartered Surveyors is the fastest-growing section of the surveying business. The surveying of existing buildings and the maintenance of their fabric has become the province of the building surveyor rather than the architect.

In the construction business there has been a marked rise from the mid-1970s in the establishment of separate practices of surveyors who advise on the detailed running and maintenance of buildings. The division within the Royal Institution dealing with the training and establishment of building surveyors was set up in 1973. By 1975 there were 2,241 members and there are now 4,390.

What are the reasons for this sudden growth in numbers? The main one is the large influx of public sector funds into the field of public housing. Large sums of money were spent in the 1970s on the maintenance of public housing stocks. Tower blocks and the new housing designed in the 1950s brought into existence a particular range of maintenance problems.

Materials such as concrete and the extensive use of metal windows caused condensation problems, structural defects and a whole battery of maintenance queries that were more effectively answered by surveyors than by architects.

The key question for the building surveyor now is what will be his role as the supply of public funds for housing and building dries up under the government's economic measures?


A building surveyor checks the rendering on a balcony

Meanwhile, the profession has not been slow to find itself plenty of work in the private sector, the most important area of which has been the refurbishment of commercial premises. This has most often taken the form of modernising the interiors of office blocks built in the 1950s when finishes were less refined and air conditioning and heating a much less developed science.

Office planning has also developed with the introduction of the *burolandschaft* ideas and the more current advances in micro-technology which have led to the establishment of the independent work station in an office that is linked to all computer and communication facilities by technological rather than by architectural means.

Another area of operation that is taking the place of the declining public funds is the fast-growing field of conservation and repair of historic buildings. Many building surveyors have beaten the architects to the winning post on rehabilitation work, which is a natural extension of maintenance in many cases.


Roger Taylor
Two quantity surveyors inspect a pipeline installation at a petrochemical plant

The regular workload of planning maintenance programmes and devising systems of energy conservation are also very much part of the workload of building surveyors. In the field of new buildings their expertise makes them natural project managers, and it can be the surveyor who appoints the architects and is the key figure in the building team.

A recent example of the activities of the building surveyor in the City of London is the report on Billingsgate market by the chartered building surveyors Watts and Partners. Billingsgate is for sale and its owners, the City Corporation, are looking at tenders for the listed market building and the adjoining site.

The market building was designed in 1876 by Sir Horace Jones, and according to the report, is in urgent need of repair. "Many elements of the construction are in poor condition and continue to decline. Extensive repairs are needed immediately. Except for a number of dry rot attacks and other local attacks the roof structure is generally sound, but the whole of the roof coverings, gutters etc need to be replaced immediately . . . extensive maintenance work is necessary, such as repainting."

Tenders for the building are invited by the end of this month and one of the most interested parties are the London Commodity Exchange.

Each year the Royal Institution of Chartered Surveyors and The Times newspaper give major awards for conservation work. This year the awards were for projects which have contributed to the revitalisation of inner urban areas. Apart from the fairly obvious award for the renewal and rehabilitation of the Central Market Building in Covent Garden, the 1981 awards demonstrated a great variety of ways that conservation of buildings can help the troubled inner cities.

Conversion of buildings on the quayside at Newcastle-upon-Tyne into offices for an architect and for the advertising agency suggest that the decline of the river traffic need not mean that the buildings around the river need decline as well. In Bristol, St Michael's Hill—in a part of the city that was prone to attacks of vandalism—is now a well-converted terrace of houses and flats.

The awards demonstrate the involvement of the surveying profession in the field not just of conservation but also of inner city revitalisation — a growth area for all the building professions.

A recent report published as a supplement to the Chartered Surveyor magazine shows very clearly the need for regular surveys and maintenance. It is the view of this report on building defects that since the 1939-45 War too many buildings have been put up too quickly and carelessly. Figures are given that show that in the next 50 to 60 years enough money will be spent on repairs and maintenance to replace the country's entire building stock. For example, the high alumina cement scare in the 1970s cost the country well over £70m to survey and often rebuild the 50,000 structures involved.

Occupants of the pre-cast panel wallframe housing that was put up in answer to Government pressure to build council homes as quickly as possible, are complaining now that water is penetrating. In the London Borough of Hillingdon more than £20,000 per flat is the size of the repair bill. According to the building surveyors, the prime offenders are architects—"many of whom have responded irresponsibly to the demands of their clients to cut costs."

If the building surveyor is not kept busy enough by the flood of repair and maintenance work that is demanded by post-war building stock, he is now moving into the world of energy conservation. In collaboration with a services engineer the chartered building surveyor can provide a complete service for anyone in need of an energy conservation scheme.

Acting independently, the building surveyor can offer advice on draughtproofing and insulation, including double glazing. He can also act as an adviser on the Government's Energy Conservation Scheme within which he will assess the existing energy levels and how they can be improved and made more cost-effective.

His particular value will be as an interpreter of the complicated statutory requirements that are in force, including the Building Regulations, Fire Regulations, Health and Safety at Work Regulations and many more.

The value of the building surveyor in this field as in any other is that he is trained to assess the value of the large range of options when it comes to deciding what is the best approach to a building decision. His training is a more practical one than the architect receives and he is more familiar with the economics of building and knows about the "knock-on" effect of many of the extras that an architect may want to add to a building.

The building surveyor is as much needed by architects as he is by his clients and his skills can achieve vital savings at a time when it is so important that our building stock gives value for money and lasts a long time.

Colin Amery
Editor, Chartered Quantity Surveyor.

Demands of society

CONTINUED FROM PREVIOUS PAGE

potential can safely be described as approaching the spectacular.

The surveyor's role in space exploration has been growing since the first pictures of space were taken from V2 rockets in the 1940s. In choosing landing sites for lunar exploration craft, or designing systems capable of interpreting mountains of data from the planets and their satellites, the surveyor has added another dimension to his range of activities.

Nor has he wasted the opportunity afforded to him of observing the earth from afar by satellite and identifying resources and features which had previously gone undetected.

The RICS can claim justifiably to have played a major part in promoting all types of surveying skills throughout the world. The UK traditionally has provided a popular training ground for surveyors who have subsequently returned to their own countries to form the nucleus of a new surveying profession but in an even more direct way, the chartered surveyors have actively supported the establishment and expansion of mirror-professions overseas.

Through organisations such as the Commonwealth Association of Surveying and Land Economy, the spread of professional organisations has been encouraged by the RICS and growing numbers of countries are now beginning to establish a degree of self-sufficiency in skills which once always had to be imported.

Closer to home, the RICS has perhaps grown faster and widened its range of activities more than any other comparable professional body. The next decade almost certainly will see significant changes in the political, social and economic circumstances of the UK, as well as technical advances which could materially affect the work of the profession.


Roger Taylor
Mr Philip Watkins, President of the RICS, outside the Westminster headquarters. And (inset in col 8) the heraldic lion adopted to mark the institution's centenary

Wide involvement in schemes abroad

IN THE cut and thrust of the international construction market it is the major contractors which capture the headlines as projects valued at hundreds of millions of pounds are won or lost.

By comparison the work of the British chartered surveyor is often forgotten, yet he is an important contributor to Britain's balance of payments. Overseas earnings from surveyors easily exceed £50m, with firms working in South America, Africa, the Middle East, the Far East and Europe.

For example, according to a 1979 survey, the overseas earnings of just the major chartered surveyors was estimated to have been at least £54m—almost all of which would have been a net contribution to Britain's balance of trade.

The Royal Institution of Chartered Surveyors, which conducted the 1979 earnings survey, estimates that about 5,700 of its 47,000 member firms have now established overseas operations either in partnership with locals or through wholly-owned subsidiaries. In addition to these a number of firms also undertake international work from the UK and British chartered surveyors currently have experience of working in more than 140 countries.

The title chartered surveyor embraces a wide range of highly-specialist skills ranging from basic surveying and mapping to construction project management and, eventually—when a scheme is completed—property management and estate agency work. All these specialist skills have been brought to bear, in varying degrees, in overseas contracts won by UK chartered surveyors over the last ten years.

Some firms may concentrate on just one or two of these functions. Others, particularly the major firms, have built-up extensive multi-disciplinary practices offering a wide range of skills, enabling them to undertake a project from the very earliest stage right through to final letting and sale.

A recent property deal in New York illustrates how a firm can involve itself in almost every stage of a major construction project. The British firm of Jones Lang Wootton not only identified and arranged the purchase of the site in New York's Broad Street—where developers Dixons Photographic plan a 280,000 sq ft office scheme—it will also manage the project as the development proceeds, and has arranged forward sale of the scheme to British Airways pension fund. In addition, JLW will also handle the letting of the completed building which is expected to have an investment value of at least $60m.

Some very sizeable international property deals have been put together by UK estate agents and chartered surveyors operating overseas—particularly in Europe and more recently in the U.S. Major British firms, like Jones Lang Wootton, Richard Ellis, Weatherall Green and Smith, Hillier Parker, Knight Frank and Rutley, Debenham Tewson and Chinnocks, and Healey and Baker have well-established agency operations in many industrialised agency operations in many industrialised countries as well as in some undeveloped ones.

But estate agency work is only a small part of the British chartered surveyor's operations overseas. These can be divided up into three main functions: surveying and mapping, land management, and quantity surveying. Of these quantity surveying probably produces the greatest volume of overseas work although not necessarily the greatest value. As most chartered surveyors are private partnerships rather than limited liability companies information on fees achieved is exceedingly sparse.

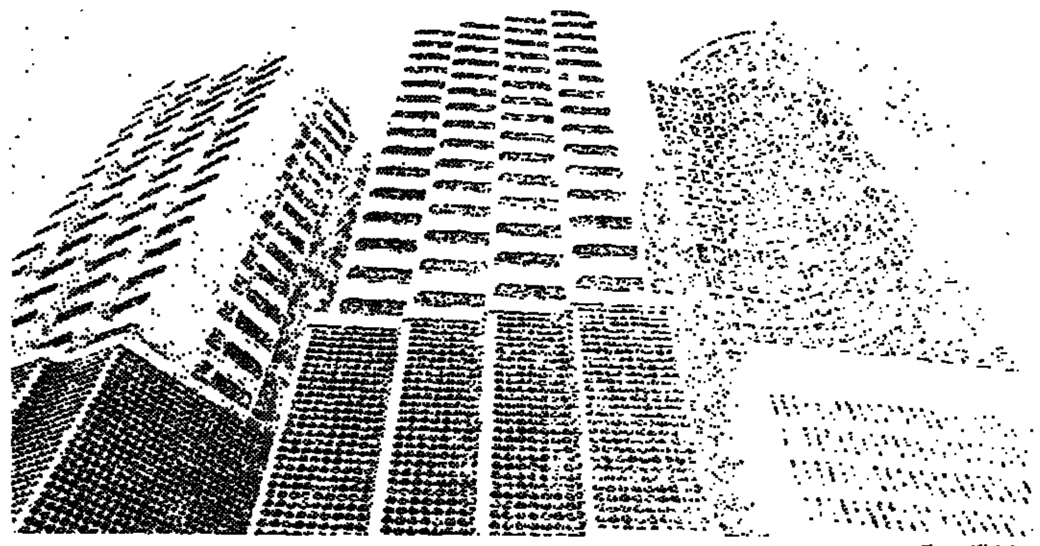
Surveying and mapping: this has involved UK-based firms in numerous projects around the world. These are often a prerequisite before development takes place. Surveys can be offshore or onshore.

Hydrographic surveys have included a study of the mouth of River Zaire; in Jordan. British surveyors were involved in plans to establish a new marine terminal. In Guyana, survey work has been done on irrigation channels, creeks and canals.

Onshore contracts have involved a detailed survey for new runway at Kuwait Airport; surveys for the development of a main drainage system in Sanna, North Yemen; pipeline surveys in Saudi Arabia and railways surveys in Iraq.

British firms which have recently won surveying work include:

- Clyde Surveys: aerial study for the Dutch government to identify heat losses in and around the industrial area of Utrecht.
- Racal-Decca Surveys: contract with the Republic of China for a seismic survey over the Yellow Sea.



Deira and Mansoor Towers in Dubai. A British firm is helping to manage letting of these and other new buildings in the Gulf states

- Hunting Surveys: aerial study to identify mineral deposits in Oman.

Land administration: This involves the management and development of land—urban as well as rural: industrial and residential schemes as well as agricultural and mineral developments. Clients can range from governments and local authorities to private developers, investment institutions and nationalised industries.

For example, the growing demand from UK pension funds, insurance companies and developers for North American properties has prompted a number of firms like Jones Lang Wootton and others to establish operating companies in the U.S.

Elsewhere, firms like Richard Ellis—also with offices in the U.S.—received instructions to arrange the letting of an office building in Canton being developed by the People's Republic of China. In Hong Kong, Vigers has been appointed as a consultant to the Mass Transit Railway Authority.

Cluttons with offices in the Middle East is assisting with the management of letting of the Deira Tower, Dubai Pearl and Mansoor Towers developments in Dubai which provide office, retail and residential accommodation in Dubai's main business area.

Similarly, Debenham Tewson and Chinnocks has been appointed to manage and let the Yateem Centre, the Bahrain Commercial Centre and the Manama Centre in Bahrain.

The quantity surveyor's job essentially is to look after the pocket of his client. The surveyor will advise on the quantity and cost of building materials needed for a particular development: and also assist with the drawing up of contracts and tender documents. On completion of a contract the quantity surveyor may have to sort out post-contract wrangles.

The type of work undertaken can range from sophisticated economic assessments of the financial implications of a national or regional building programme, to basic advice on the cost-effectiveness of varying designs, to the form and content of contracts and whether a contract should be let by tender or negotiation. During construction, quantity surveyors are expected to monitor expenditure to ensure that best value for money is being obtained.

Given the immense difficulties of forecasting expenditure over the life of a construction contract, which can run into several years and can be dogged by factors beyond the quantity surveyor's control, it is not surprising that this aspect of the chartered surveyor's work often comes in for most criticism from developers. It is nonetheless a highly skilled job.

Recent overseas work won by British quantity surveyors includes a contract for D. G. Jones and Partners for the £25m desalination plant extension to the aluminium smelter in Dubai while Northcroft Neighbour and Nicholson is working on a £350m gas liquification plant in Abu Dhabi.

Northcroft Neighbour and Nicholson is also providing cost management advice for the first phase of a £100m iron ore mining development in Portugal, while Tillyard and Partners has also included in the project management team for a £700m Munich International Airport development due to be completed in 1986.

Many of these different aspects of chartered surveying work abroad overlap while major contractors also maintain their own complement of chartered surveyors for consultancy work as well as design-and-build contracts.

Andrew Taylor

Computers join electronic aids to simplify many tasks

WHEN THE last Prince of Wales married in 1863, a celebratory chain of beacons and bonfires was lit in sequence by visual sightings. Last month, when the Royal Institution of Chartered Surveyors organised a nationwide network of beacons on the eve of the royal wedding, modern surveying instruments and other technical aids were used to ensure that the bonfires were lit in the proper order.

When a man wanted to buy a house 100 years ago, he would be given printed particulars of the property by a clerk in a dark suit in a Dickensian office. Today, he may find he is given a computer printout and invited to see a video film of the property.

To make a map 100 years ago, surveyors would measure everything laboriously using theodolites and chains. Today, using electro-optical and electronic distance measuring instruments to gather the information, they produce their maps using automatic data processing and plotting devices.

All these examples illustrate the tremendous technological changes that have taken place in surveying, as in most other fields, over the past 100 years. To some surveyors, not in the first flush of youth, the changes may seem revolutionary and even unnecessary, but younger surveyors take them in their stride and are anxious to see further improvements.

They are right to do so, for in their way today's computers, video recorders and electronic devices are no less wonderful in their way than electric light, typewriters and the telephone would have been to a surveyor 100 years ago.

Just as we now take them for granted, along with many other indispensable aids that had not been invented in 1881, so we shall come to accept today's technology as commonplace before long.

Indeed, bearing in mind that the surveyor of 1881 managed without the motor car (which Karl Benz did not produce until 1885), the aeroplane, radio and television, we may assume that further inventions await today's surveyor that will similarly revolutionise his practice tomorrow. Before considering what these may be, it may be interesting to consider the extent to which the latest technology is being used by surveyors today.

Much surveying work lends itself to being handled with electronic aids. In a profession that traditionally has generated so much paper in the form of standard letters, reports, schedules and contract documents, the word-processor is a natural replacement for the typewriter, and also the duplicator.


The use of computer terminals in surveyors' offices is now becoming more widespread

An agent can now send details of properties to hundreds of potential tenants or buyers, with each recipient getting a covering letter that is individually addressed and printed separately, accurately and at high speed.

A building surveyor can prepare a lengthy report of a structural survey, incorporating standard phraseology with the descriptions of specific details, adding or deleting words or sentences as he wishes and even altering the order of paragraphs. Then, at the touch of a button, out comes the final text, accurately and quickly.

Now that the novelty of word processors is wearing off, they can be seen to be little more than high-speed self-correcting typewriters. Every office should have one, and doubtless will when the prices come down. Those surveyors who resist their introduction will be like their Victorian counterparts who persisted with quill pens.

Computers are the next step forward. For many years, computers have been regarded as being the preserve of the largest firms, by virtue of their high cost, and most suitable for quantity surveyors, because of the need to sort and add numerous figures.

Now, with the advent of mini- and micro-computers, surveyors are becoming aware that not only can they afford a computer of some kind, but that most of them cannot afford to be without one for much longer. This has much to do also with the greater variety and availability of computer programs.

Estate agents can obtain programs to match properties on their registers to the requirements of applicants, whether for residential, commercial or industrial property. Valuation surveyors can use computers for their investment calculations, projecting rents, capital values or interest rates to show the effect on yields.

Building surveyors can use computers for regular maintenance programmes for properties for which their firm are managing agents. Land agents can use computers for the management of large agricultural estates, involving regular maintenance of the buildings and regular reviews of the rents.

All firms can use computers for their payroll and administration. Almost all of them could also use computers to do other things, not simply to automate tasks that were previously done manually but to handle information in a way that could never have been done manually at an economic cost or a reasonable time.

Compared to some professions, it must be admitted that many surveyors have been slow to come to terms with the computer, but now they cannot get their hands on them quickly enough. The same is true of video, whose potential for demonstrating properties to applicants has been apparent for some time, but whose uses for routine inspection and valuation of property is only now beginning to be appreciated.

Rather than marvel at the way that surveyors are now using the latest technology in their day-to-day work, it may be interesting to consider how they could be using it and what new developments could be just around the corner.

Whereas the surveyor of 1881 did not know what a motor-car was, the surveyor of 1981 is already aware that orbiting space satellites such as Landsat I are able to take pictures of the earth from 500 miles up. But the uses of Landsat pictures for map-making and particularly for charting the changing coastlines for hydrographic surveyors are only just beginning to be appreciated.

Of all the technological developments just around the corner that could revolutionise surveying, perhaps the most important may prove to be the combination of video discs and television for high-speed information storage and retrieval.

Viewdata systems, still in their infancy, could develop to allow people to select and view their next home in the comfort of their present one. Video discs, with their potential to store thousands of pages of information, could replace text-books and directories. Computers could be used to compile and maintain a national register of properties, with their legal titles, geographical co-ordinates and land charges, together with the sale price when they change hands.

In all this, however, there will still be the need for the human touch. Not only will receptionists be more attractive than computers for some time to come, but surveyors will still have to interpret and use the information. And, when all else fails, it will be the human surveyor that counts.

Michael Hanson
Editor-in-Chief, Chartered Surveyors Journals.

THE CHARTERED SURVEYOR IV

Constructive role to play in estate agency

ASK ANYONE to name the professional service they most love to hate and the chances are that the High Street estate agent will emerge pretty close to the top of the list. The surveying profession itself admits that house agency does not enjoy the respect of the public and, over the years, numerous official reports have spelled out some of the reasons why.

The problem is that residential estate agency has been an open door for anyone who cares to have a go — it is relatively simple to set up shop; there is no regulation of numbers or of qualifications: and initial capital requirements are modest. As a result, the misdemeanours of a few have tarnished the reputation of the entire profession.

Estate agency is a profession beset with apocryphal tales of slap-dash service and minimal help and advice for maximum returns. Agents are accused of charging too much for too little, of reaping huge and easily earned profits when the housing market is buoyant and of failing to make any effort when things become more difficult.

In reality, the standards of professionalism and depth of service provided by estate agents varies widely. But, despite the horror stories, an estimated two-thirds of all buyers and sellers do so through estate agents and the majority say they are likely to use estate agents again.

This is, however, a grudging acceptance of the value of estate agents—commonly regarded as little more than a convenient clearing house for lists of properties—and it is hard to see that such an image is likely to change easily.

Repeated efforts have been made to bring such changes about—including examinations by the Monopolies Commission and the Price Commission, as well as Government legislation. Indeed, an Estate Agents Act has been passed and is awaiting introduction.

In 1979, the Government introduced and passed an enabling Act intended to introduce some form of regulation into a business which has been a free-for-all. Under the legislation, the intention is to establish a register of agents and inclusion on it will be an essential pre-requisite to trading. To be on the register, the agent will have to ensure that he has indemnity insurance and that he conforms with regulations which insist that clients' money is kept in separate accounts, to protect deposits in case of the business's failure.

The Act should now be in force but it has been subjected to delays, not least because the Government has decided to undertake a further round of consultations with all interested parties on the clients' accounts measures and the powers of the Director General of Fair Trading. For its part, the RICS has pointed out that its own members already have to conform with the measures set down in the Act and have suggested that, to avoid unnecessary duplication, RICS membership should mean automatic qualification under the new legislation.

A partner checks a point with the local authority while the prospective buyers look at the plans

The RICS has itself made strenuous and continuing efforts to maintain the highest standards of professional integrity and practice within the estate agency field but has rejected suggestions that this part of the surveying profession should be segregated from its other activities.

The recent review of the institution's strategy for the next decade commented on the belief that the "commercial" image of those engaged in all forms of agency work was detrimental to the interests of other members and said that such opprobrium as may attach to house agency arises partly from the limited service provided by some agents and partly from the more liberal attitude towards advertising and the dubious practices in which many unqualified people indulge.

For the RICS, the answer to the problem seems clear: people must be educated into appreciating the clear advantages to be gained from using a chartered surveyor but, first, the institution must ensure that its own house is in order—having taken positive steps to see that members give better service than others in the house agency business.

The RICS believes the worst possible solution would be a compromise which recognised that house agents were not professional but that they wished to remain within the institution to take advantage of the credibility which membership conferred upon them.

The institution's conclusion is that there is a very definite place within its ranks for the chartered surveyor providing house agency services but that he must make a big effort to set himself apart from those whose practices and ethics undermine the standing of the entire profession.

It is clear that practices vary considerably not only between the commercial and professional approach to estate agency, but between geographical areas and within local markets. The Price Commission, for one, believed that agents could do more to publicise the services they offer and, as a first step in this direction, suggested that each agent could start by displaying the services provided and the actual terms on which they were offered.

The estate agent, above all, must remember that he has no monopoly when it comes to house sales. A substantial proportion of customers claim that they would not, the next time, use an agent's services, and there is clear evidence that agents are not thought of as "professional" either in terms of obligatory qualifications or in having a professional body to maintain standards.

There is a growing feeling that the authorities should perhaps do more to encourage independent buying and selling, although most people would still say that the business of buying and selling homes required some elements of professional advice. Whether or not the chartered surveyor benefits from this particular point of view rests largely in his own hands.

A current preoccupation for residential surveyors is the full extent of their professional liability in the event of surveying errors.

Previously, the surveyor has maintained that in carrying out a valuation survey for a building society, which merely wanted to know whether the amount represented by its loan was secure, his only responsibility has been to that society.

However, a recent court case took account of the fact that few prospective purchasers commissioned a full structural survey and tended to regard mortgage approval as an endorsement of the soundness of a particular building. It was held that the surveyor does have a duty of care not only to the society but also to the prospective house buyer.

The decision will now require both the surveyors and the building societies — some of which now provide copies of valuation reports to buyers but usually include disclaimers over the condition of the property—to re-examine an area which in the past has created its fair share of confusion. For its part, the RICS has endeavoured to establish a form of house survey and valuation which will be acceptable to all parties concerned.

Despite some of the misgivings among people generally about the role and value of the estate agent, there remains nevertheless a fairly widespread acceptance of the need for professional advice when it comes to buying and selling homes.

The RICS itself now operates an information centre available to everyone and ready to offer a wide range of advice on the problems of moving home. In addition, last year it established a voluntary service—operated through the Citizens' Advice Bureau—for those people who are uncertain about obtaining professional advice on a range of housing problems.

Michael Cassell

Guides to simplify accounting

IN 1973, WHEN the credibility of surveyors, accountants, and anyone else associated with property valuation was in doubt, a committee of five people—three chartered surveyors and two accountants—was formed to steer the property industry through the narrow seas of accounting and valuation practice.

The three property men were Geoffrey Powell of Gerald Eve, now chairman of the RICS Assets Valuation Standards Committee (AVSC), Norman Bowie of Jones Lang Wootton and Idris Pearce of Richard Ellis.

In the past seven years or so the valuation standards committee has produced a series of 26 Guidance Notes for RICS members. The first of them, Geoffrey Powell recalls, killed off the old going-concern property valuations which then seemed to accept the spiral of increasing property values as a fact of life.

They introduced open market values, a replacement cost basis for specialised properties such as oil refineries, chemical works and quarries, and laid out a non-publication clause designed to prevent statements about valuation or valuation certificates being used without the valuer's prior consent.

They also clearly defined the new rules. Open market value, for instance, assumed:

- A willing seller;
- A reasonable period within which to negotiate the property sale;
- That values would remain static throughout the period;
- That the property would be freely exposed to the market; and
- That no account would be taken of an additional bid by a special purchaser.

Much of what the AVSC produces seems either to explain accountancy concepts to chartered surveyors, or vice versa. For example, one of the more important and controversial topics, depreciation, was covered in Guidance Note GN 14, published in January 1978. This followed the Institute of Chartered Accountants' statement of standard accounting practice—SSAP 12, Accounting for depreciation—which came out in December 1977.

GN 14 says Mr Powell, really does three things: first, it explains the accountants' concept of depreciation: second, it explains how to arrive at a future economic useful life for a particular asset: and third, it shows how to arrive at the depreciable amount for that asset.

Mr Powell emphasises that the third point covers the allocation of capital value between land and buildings—it is not a valuation process in itself: in short, it guides members of the RICS on how to produce what the accountants will need.

However, surveying and the accountancy were by no means the only professions which have been involved. Since 1974 the AVSC has been attending regular meetings on an informal basis with the Accounting Standards Committee, which speaks for six accounting bodies, the Institute of Chartered Accountants, the Law Society, the Stock Exchange, the Takeover Panel, and government departments.

The AVSC was represented on the Morpeth committee which studied inflation accounting, and itself produced GN 11—which, says Mr Powell, tied in with the accountants' SSAP 16 current cost accounting standard to such an extent that the AVSC's paper was used as a footnote to the accountants' own recommendations.

Differences with the other professional bodies are ironed out quietly, says Mr Powell. The accountants, apparently, originally were not geared to the concept of locational goodwill—say, in the case of the valuation of hotels and other properties sold with regard to their trading potential.

There has been much discussion behind the scenes on ED 26, the discussion paper on accounting for investment properties which the accountants published last September ahead of a proposed addition to SSAP 12 which is expected to be agreed later this summer.

The standard was amended early in November—in its application to investment properties—basically to allow companies more time to comply with its recommendations. ED 26 includes a definition of an investment property and requires that it should not be subject to periodic charges for depreciation, but should be revalued annually at its open market value and the valuation incorporated into the balance sheet.

The British Property Federation, representing the development industry, said in the course of a long paper on this subject that it would like to see investment properties valued externally once every three years.

Four years ago, the AVSC found itself receiving expressions of concern over draft EEC directives. So it went to see the EEC directorate in Brussels, to determine the extent to which it could influence the content of directives emerging from the Commission dealing with the valuation of fixed assets.

It was told first (very politely) that any UK view should really come from the UK government. Then the EEC mandarins relaxed a little and said that they would like to hear a pan-European view from the professionals.

So AVSC set about forming TEGOVOFA—the European group of valuers of fixed assets—which now has regular meetings, and is consulted by the Commission on draft proposals.

Mr Powell says that agreement has been reached between member-states on such points as

- Basis of valuation;
- Definition of an asset valuer;
- Open market value; and
- A common method of measurement, the latter dealing with internal or external proportions, and cross or net space.

Further afield, about 18 months ago the AVSC began to respond to work done by the International Accounting Standards Committee (the IASC), the OECD's interest in the content of company accounts and the U.S. Federal Accounting Standards Board (FASB) which has a task force on current cost accounting sitting at the moment.

The Transnational Centre of the UN has also considered standards of accounts, particularly in the Third World.

The AVSC can reel off the nations to which it has spoken, such as Australia, New Zealand, Japan and Malaysia, and the venues at which it will be represented formally—Edinburgh last July, Montreux in August and Melbourne during the Pan-Pacific conference this October.

Looking ahead, the AVSC will be investigating the treatment of wasting assets—oil fields and quarries are two examples—monitoring the activities of RICS members and spending a lot of time giving a free information service to chartered surveyors.

William Cochrane

Charting the wealth of the seabed

IT IS beyond doubt that the world's marine resources, which for so long have been beyond the reach of anything other than the most limited investigation, contain a scale of potential wealth which will bring rapidly-increasing exploitation.

The chartered surveyor is likely to play a vital part in the development of these resources, which new technology is now capable of locating and is beginning to retrieve.

New laws to sanction and control their ownership and management are now being pursued nationally and internationally and the UK stands to emerge as a major beneficiary from the identification of an exclusive, underwater economic zone which is almost three times the size of the country's land mass.

The manner in which the seabed is exploited quite clearly is going to prove as important as the actual benefits arising from this new science. The surveyors—long recognised as holding the skills essential to the measurement and mapping of the seas and seabed—may prove instrumental in shaping the future exploration and exploitation programmes.

Charting the extent, contours and natural formations of the seabed, mirroring the surveyors' mapping and charting activities on land, has long been the traditional work of the hydrographic surveyor.

Today, that work is all the more important because charts, once crucial only to the navigator and the fisherman, will now comprise the working blueprint for those who prospect for and exploit fuel and mineral wealth, the engineers who serve them, the owners of the new proprietory rights and the planners and ecologists.

Barbara Claxton, the RICS's first woman hydrographic surveyor, sets up a sextant aboard a survey launch

In addition, rights to the seabed, whether created by lease, licence, easement or some other instrument, are the subject for negotiation — in the same way as they are on land. The opening up of the seabed can also be expected to provide work for the minerals surveyor, who is likely to be a key figure in the co-ordination, valuation and management of seabed rights.

The minerals surveyor is skilled in negotiation for the acquisition of working rights and in the valuation of mineral-bearing land and the application of this experience to marine resources will represent a natural extension of this expertise.

Costing of operations for the exploitation of marine resources, including dredging and earthmoving operations, the construction of oil and gas platforms, pipe systems, on-shore refineries, terminals, harbour improvements and storage depots, is a fundamental part of the work of the quantity surveyor, who will also be called upon to expand a role which has already been thrust upon him by development in the North Sea.

The need for energy conservation, and the urgent requirements to find new sources of energy, increase the demands for assessing the financial implications of building offshore windmill platforms and wave energy projects and of examining ways of capturing heat from the oceans.

The quantity surveyor will need to become familiar with the problems which such concepts create but, as in the case of fellow-surveyors in other specialist fields, his ability to respond to the challenges which lie beneath the sea will add yet another dimension to the profession.

M. C.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Keeping up the flow

Nicholas Leslie on funding for research into blood clots

"WE AS scientists don't want interference on the scientific side of our work . . . but we would be foolish to assume that, because we have got a certain amount of business as well as scientific expertise, we should set up a company entirely on our own."

So says Dr William McCrae, a director of Cambridge Life Sciences, a new biotechnology company that has just been given £1m of backing by Technical Development Capital—the venture capital arm of Finance for Industry—which specialises in investment in technology-based companies.

McCrae's view is typical of the approach to be found in venture capital-backed projects in the U.S., but rather less so of British practice. Which is perhaps not surprising since both McCrae and co-director, Dr Michael Gronow, who are the inspiration behind CLS, have experience of working in the U.S.

As McRae suggests, it would be foolish for them to ignore outside expertise and just hang on to all the shares "and go down the pan in two years' time." Thus they already have on the Board a TDC representative, together with John Poole, a director of John Mowlem and of Blundell Permaglaze Holdings, who has wide experience in both the laboratory industry and the health care field.

"We are still looking for expertise," (in various fields) adds McCrae. "And key personnel will be offered a number of shares in the company."

As a biotechnology company, CLS is specialising in refining and extraction procedures using genetically engineered materials (though the company is not a genetic engineering concern itself) and the latest biochemical technology. It hopes to have its first product marketed by the middle of next year—a naturally occurring therapeutic enzyme which triggers the dispersal of blood clots; it is generally known by the name urokinase.

Though such products are already available, they are expensive and are largely manufactured overseas. CLS hopes to develop production techniques that will prove more cost effective "and hopefully produce a purer product, though I must emphasise that that is not established as yet," says McCrae.

Pollution

Though the blood dispersal product is CLS's initial target, it also plans to develop manufacturing methods for other enzymes. McCrae and Gronow reckon the use of these will increase rapidly over the next few years in such areas as food processing, health care, energy production and pollution control—all fields where they are in current use. In addition it is believed that future medical diagnostic tests and treatments for heart diseases, cancer, glandular imbalances and other ailments will rely heavily on enzymes and other biochemicals.

Of the decision to concentrate on products for the treatment of heart clots, McCrae says there "are many specialised areas of biotechnology where we could develop an expertise, but we feel that the market is far from saturated in our product areas—and we have got access to expertise."

By this he means that CLS will have as consultants several research scientists of international reputation, with five of them forming an integral part of the company's advisory board.

McCrae and Gronow were prompted in March 1980 to set up a company following the publication of a report by Acard (Advisory Council for Applied Research and Development) when it emerged that some 80 per cent of biochemicals supplied in the UK came from overseas.

Gronow and McCrae previously worked together at PA Management Consultants' biotechnology group now operating in Patscentre International, near Cambridge. While there, Gronow, who had previously done work in cancer research, co-operated with a number of UK, European and American companies on biotechnology development projects. McCrae, who worked for several years in the U.S. pharmaceutical industry, was more recently a consultant to the National Enterprise Board during the formation of Celltech and during the early months of its operation.

The £1m being invested by TDC—which has taken a minority shareholding, with McCrae and Gronow holding the majority—will be taken in tranches over the next two or three years, with the release of each tranche being dependent upon performance.

The perils of ignoring long-term strategy in a recession

BY IGOR ANSOFF

THE present recession is neither the first nor the last in a series of periodic setbacks to economic progress which have occurred since the days of the Industrial Revolution. During the first half of this century, such setbacks were viewed as temporary "letting off steam" from an "overheated" economy. The expectation was that, once the steam is blown off, "normal" competition will return and historical growth will resume.

The response during a recession has typically been what might be called "operating retrenchment" — a cutting-back of all expenses and investments which do not directly contribute to the making of current profits. In part, this consisted of eliminating operating inefficiences and of minimising overheads.

This frequently had a salutary effect on profitability because in good times companies tend to develop slack — a looseness in the control of costs and an accumulation of unnecessary overheads.

The pressure of the recession forced the company periodically to squeeze out the slack and thus emerge from the recession healthier than it was when it went in.

But, in the process, operating retrenchment also typically resulted in a severe cutback of all investments into the firm's future. This included provisions for future efficiency and growth, such as capacity expansion, and equipment replacement. It also included investment in research and development, product-market development, the formulation of new competitive strategies, acquisitions and mergers, and also management development.

The justification for these cutbacks was that concern with strategy can wait until better times. During the first half of this century this justification was valid for two reasons. First, the future profit potential in the company's historical business areas was guaranteed by the post-recession resumption of growth. Second, companies which had been successful competitors for this potential before the recession could afford to neglect development of their competitive edge during it, because competitive environment evolved continuously and relatively slowly.

In the 1980s such arguments will become decreasingly valid. Many companies were already in strategic trouble when they went into the current recession. Their prospects are saturated, or their business areas have become fiercely competitive and unprofitable, or their profits have been emasculated by political constraints and pressures, or their competitive strategy has become flabby and inefficient, or their products and technology have become obsolete.

For such companies, exclusive recourse to operating retrenchment is not a way to post-depression health, but a low cost way to extinction.

Many other fortunate companies entered the recession in a reasonable strategic shape. But they cannot afford to suspend strategic development, because opportunities and threats now develop rapidly, as do the dynamics and the structure of competition. Suspension of innovation and strategic development for two to three years may create a strategic gap which the company may never be able to close.

Potential

Thus, increasingly, companies which want to come out of a recession in a strong competitive position will have resort, not only to operating retrenchment, but also to strategic re-positioning. Such a strategy should be directed toward two goals:

(1) To position the company in business areas which together offer the best possible potential return on the firm's strategic investment: this involves withdrawing from areas which show no future promise.

(2) To develop for each business area a competitive strategy which is most effective in converting the potential into actual profits.

Managers who have historically regarded concern with strategy as a "rich man's toys," to be used only in good times, will be inclined to argue that a company in the midst of a recession cannot afford the luxury of strategic thinking.

On the contrary, the company cannot afford to neglect it. For operating retrenchment only assures production efficiency. If the market place is inherently unprofitable, or if the firm's strategy is ineffective, efficiency will minimise losses, but will not produce any profits.

Thus, operating retrenchment and strategic repositioning are necessary and complementary tools for making profits under adversity. Strategic repositioning squeezes the strategic slack out of the company's investments and assures that there will be a potential profit to be made. Operating retrenchment squeezes out the operating slack and assures that the potential is converted into real profits. If a firm has only limited resources to devote to retrenchment, it will perform better if it divides them among the two, rather than focus exclusively on either one.

Most of the techniques of strategic management which have been developed by companies and consultants during the past 25 years have been aimed at helping a company's strategic expansion and not a retrenchment or repositioning. Fortunately, most of these, if applied properly, can also help in the latter case.

- Matrices which set business area attractiveness against competitive position (known variously as the Boston, McKinsey and General Electric matrix) can be used to identify business areas from which the company shoud divest, as well as to reposition the company's investments among its business areas in the most effective manner. A frequent early pay-off from the use of the matrix is to focus attention on the elimination of inherently unprofitable businesses and the freeing of resources for the more attractive ones.

Evaluation of the critical mass of investment required in the respective strategic business areas helps eliminate additional businesses for which the company is too small and to consolidate the resources in the most promising areas. Critical mass analysis quickly singles out firms which have become over-extended and over-diversified.

- Another type of matrix, called the "life-cycle position matrix" can help to balance the short versus long term prospects of the company and identify strategic business areas which have an unattractive long term future.
- Use of the "synergy matrix" can identify the actual and potential mutual interdependence between business areas and point the way towards making the overall return on strategic portfolio greater than a sum of its parts.
- Finally, the "opportunity-vulnerability profile" can be used to reduce the risk of strategic surprises and to position the company in areas of future growth.

Thus, a number of relatively simple and straightforward techniques can help reduce, consolidate, and rebalance the strategic investment portfolio of a company.

Turbulence

A most recent and important issue is that redesign of the external strategies of a company is not sufficient. To be successful, strategic repositioning also requires an updating of the internal management capabilities. Hideo Suigiura, executive vice-president of the extremely successful Honda company, highlighted this in an interview with Fortune magazine: The "amount of money they are spending really doesn't bother me. . . . When Detroit changes its management system, we'll see more powerful American competitors."

These remarks call attention to the fact that whenever environmental turbulence has shifted to a new level, as, for example, during the shift from a production to the marketing orientation during the 1940s, the success of the company's response has depended critically on the ability of general management to retune its own capabilities to the new competitive realities.

The 1980s-1990s is another period of shift in turbulence which requires a consequent change in emphasis from marketing to a new strategic orientation. A new type of general management is in order: re-emergence of adventurous entrepreneurs, creation of an organisational climate which encourages openness to the environment and preparedness for change, environmental surveillance systems which capture new and potentially surprising developments, planning systems which respond promptly to early signals of impending change.

Thus strategic repositioning in the 1980s must include, not only revamping the firm's strategy in the environment, but also developing general management capabilities needed to support this strategy. Fortunately, simple analytical techniques are already available which can help management perform this task.

Managers unfamiliar with the systematic aids for strategic positioning described above may feel that they necessarily imply use of outside consultants. This is not the case. Nor in the case of strategic repositioning is use of outside problem solvers advisable.

The aids are relatively simple and are easily learned by managers, but the process of strategic repositioning involves soul-searching, introspection, and a willingness to confront unpleasant truths. In such circumstances experience has shown that solutions produced by outsiders tend to be challenged, resisted and disregarded by the managers to whom they are addressed.

So strategic repositioning must be largely a do-it-yourself process. If the managers are unskilled in strategic analysis, outsiders may be invited to train them and help organise and conduct the process. But the confrontation of the strategic realities, the difficult decision-making, and the resistance-inducing implementation should be carried out by the responsible managers themselves.

H. Igor Ansoff is Professor of Management at the Brussels-based European Institute for Advanced Studies in Management, and Professor of Management at the Stockholm School of Economics.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Release of a covenant

I refer to the reply in Business Problems of July 1 to the query regarding release of a covenant. Some six years ago I bought an off-licence business (house and shop) and on investigation of title before completion it was discovered that the original vendors of the land in the 1920s had imposed a covenant prohibiting the sale of intoxicating liquor from the premises to be erected. As far as could be ascertained liquor had been sold from the premises for the last 30 years and my solicitor advised me to ignore the covenant. It would, however, ease my mind to know as you suggest in the particular case quoted, that it would be possible to get round the covenant should the question ever arise. What steps should be taken to do this?

The law relating to restrictive covenants is complex, and it is necessary to look at each individual case on its particular facts, paying special attention to the precise language used in the deed creating the covenant. We cannot usefully advise in the absence of this information save to say that Section 84 of the Law of Property Act 1925 provides means for obtaining a declaration that a covenant is no longer binding or alternatively, for applying to the Lands Tribunal to release a covenant which is e.g. obsolete.

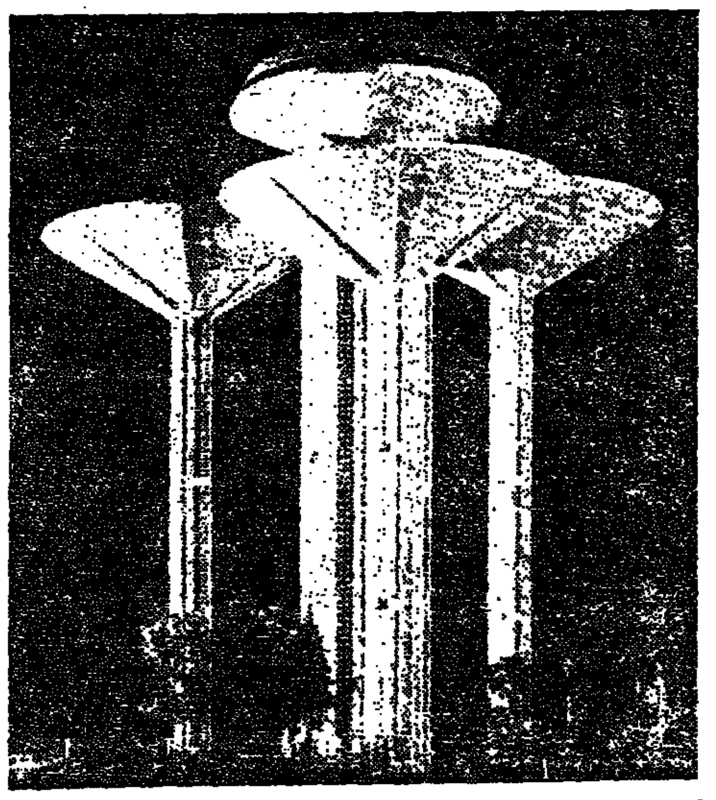
No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

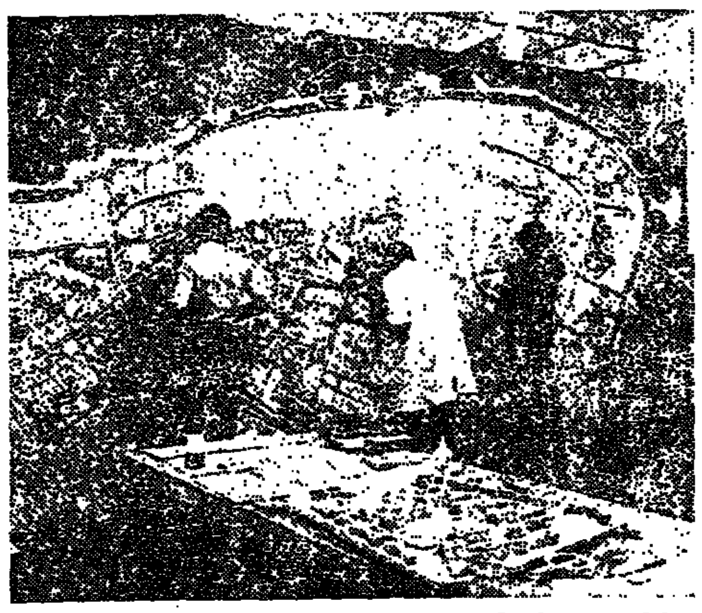
TECHNOLOGY

EDITED BY ALAN CANE

Modelmakers hang out a carrot

BY DEBORAH PICKERING





A model of the Yanbu watertower (left) and (above) modelmakers work against the wall—it's impossible to stretch across a horizontal table at this scale.

ARCHITECTURAL MODELS in Britain today are considered a vital marketing aid for property developers. They are a visual carrot to show what clients can expect for their money and are used as a necessary prop by competing firms in design award projects.

Some London projects that will stand testimony to the old-fashioned craftsmanship and modern technological talents of possibly the largest modelmaker in the UK, Thorp, include Hazelmere Estates, Bevis Marks, Gardiners Corner, Standard Chartered Bank at Bishopsgate, Norwich Union's Elephant and Castle, and Liverpool Street station development.

Many of Thorp's huge working models for home and overseas markets are packed with electronic gadgetry. One example is a vast model of the Al-Ain Sewerage Treatment Works where an illuminated sequence of flashing lights showed the various processes in the plant, while an English and Arabic commentary broadcast an account of the electronic visual experiment.

Depiction of an oil rig will be enhanced by son et lumiere effects including a cadence of grinding, gurgling and slurping. A motorway across the desert is enhanced with sound-over of speeding vehicles and scale-size camels bemused by the barriers.

Thorp is particularly occupied at the moment with work in Saudi Arabia and Nigeria, where its workforce already has a wealth of experience in modelmaking for office blocks, schools, hospitals and city developments.

It has brought to near-reality a water tower complex at Yanbu industrial city in Saudi Arabia where the model has been fashioned for a joint venture of architect Foulsham Meldrum and Burrows, consulting engineer Vallentine Laurie and Davies and quantity surveyor C. R. Wheeler.

Three water towers are the basic components, and a fourth tower contains an observatory, botanical garden, restaurant with revolving floors and viewing gallery, and a high-speed lift. The tower shafts are to be built of steel construction with precast concrete cladding supporting the in situ water reservoirs and in situ accommodation floors.

But a scale model of Kuwait City symbolises the almost-a-century expertise of Thorp Modelmakers. This was made to a scale of one-thousandth full size to coincide with the state's 50-year anniversary.

The Kuwait Municipality's commission was for a model to be completed in six months and, although Thorp was undaunted by the day-to-day task of producing all the hand-made components, and undertaking the assembly, it had no way of knowing how long it would take to carry out a mapping survey in Kuwait.

Despite the existence of survey maps in the city, the company had the job of physically inspecting and recording every single building there, as well as obtaining details of plans for the next 20 years from the various interested government departments.

The operation was planned to involve two modelmakers working in Kuwait, photographing every building, wherever possible photographing every side of each building, and giving a map reference point. Over 3,500 photographs were taken and later developed to specified scale.

The result was a 7.5 by 3.5 metre model in six sections with 40 interlocking removable areas to allow for future replacements and updating. The Kuwait City 1980-2000 project was finished on programme and is now on display in Kuwait.

Old-fashioned virtues run like a ribbon through the workshops at 98, Gray's Inn Road, created by John Brown Thorp (who cut a door through from his family home at number 96).

By the time he was 21, this ex-Christ's Hospital schoolboy had established the London Drawing Tracing Office, was articled to Frederick Neshitt Kemp, an architect in Chancery Lane, had continued his studies at the Royal Academy, and developed a passion and flair for theatrical design.

Balsa wood and card were Thorp's original materials—now, the company uses perspex and all kinds of plastics including casting plastics.

There are 25 modelmakers in the Gray's Inn workshops. They have all been taken in as potentials straight from school, given two weeks to produce their concept of a Thorp blueprint and, perhaps one in a hundred, will finally win a three-year apprenticeship.

Nowaday, John B. Thorpe's balsa and card models gather nostalgic dust against sophistry, space-age technology and a very hard sell.

Solar heater

A SOLAR-POWERED portable water heater claimed to provide up to 2.5 gallons at a temperature of about 60 deg C, introduced by Spencer Solarise, is intended for campers, caravanners and yachtsmen as well as householders in underdeveloped countries where hot water on tap is still regarded as a luxury. Details from 0264 51625.

NatWest instals its first IBM 3081

WITH THE lack of drama which these days characterises the installation of even the largest commercial computers, National Westminster Bank this month commissioned its first IBM 3081.

The most powerful machine IBM makes, the 3081 has been installed in NatWest's Goodman's Fields Management Centre.

It is only the second 3081 in the country, the first being located at IBM's own premises and used for development purposes.

The 3081 costs in the region of £2.5m and can process instructions at a rate close to 10m a second. The banks were seen as the most likely customers for the new computer when it was launched a year ago, and Natwest believes it is the first bank in the world to take delivery of the system—it is using the machine for development work, but it was processing customer accounts the week after installation.

It has another three 3081s on order, and when they are delivered, all the Bank's processing will be carried out on 3033s and 3081s.

ALAN CANE

Windlass for yachts

INTENDED primarily for patrol boats and similar craft but also suitable for large yachts where a high power-to-weight ratio is required, a compact, lightweight electric anchor windlass has been developed by Simpson Lawrence, Glasgow. The rated speed is 9 metres/min with a 1,100 kg pull.

The main components are of aluminium alloy while the steel gears are driven by a squirrel-cage electric motor. The voltages available range from 110V to 440V. Various drum configurations are available and the weight of the unit with a single chain wheel and drum is 175 kg.

Starter and switchgear can be fitted either above or below decks and a hand-held remote control unit can be supplied if required. Details on 041 427 5331.

Flying telescope aimed at comet

WITH VOYAGER 2 hurtling to the outermost limits of the Solar System and an orbiting telescope scheduled for launch in 1983, it might be thought that there was little point in flying a telescope in an aircraft.

Not so, says the National Aeronautics and Space Administration (NASA) and the Lockheed Corporation. The latter's model 300—the commercial version of the C-141 Starlifter with a 36 ins telescope and computer is helping NASA on infra-red radiation from interstellar space.

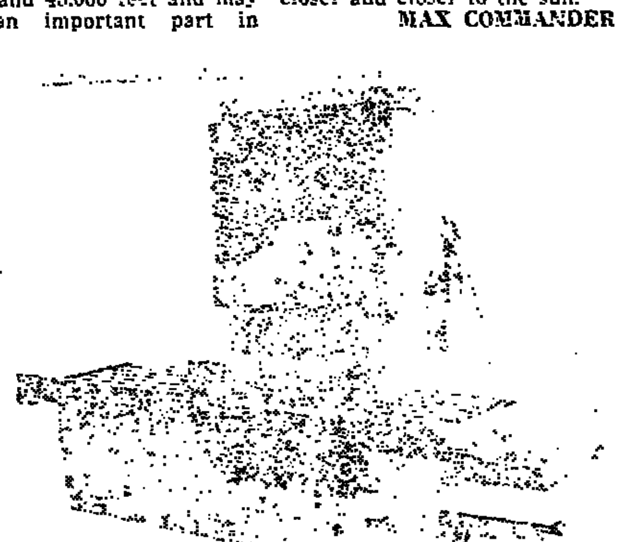
Named the Kuiper Airborne Observatory after planetary astronomer, Gerald P. Kuiper, the aircraft flies at between 41,000 and 45,000 feet and may play an important part in observation of the return of Haley's Comet in 1986.

This time around the comet, because it will be approaching the Earth from the other side of the sun will be less brilliant than in any approach for the last 1,000 years.

Carl Gillespie, a NASA scientist says: "The only way Haley's Comet can be seen will be from a spacecraft. The space telescope will be active and trained on the comet but will not carry infra-red experiments.

"The Kuiper Observatory will probably be the only instrument capable of observing in the infra-red and we should be able to observe as the comet comes closer and closer to the sun."

MAX COMMANDER



Milling machine from Spain

BIFURCATED column construction, with a ram type headstock mounted between opposed pairs of guideways to ensure rigidity and accurate positioning is a principal feature of the new Spanish-made Correa Model A 20 bed-type milling machine marketed in Britain by Warwick Machine Tools.

It is available in three worktable sizes and with longitudinal traverses of 1,500, 2,200 and 3,200 mm. Bed lengths up to 6 metres can be supplied to special order. All versions have 1,000 mm of transverse travel and 1,000 mm of vertical motion of the headstock.

The milling spindle is powered by a 15-kw or 18-kw motor driving through a gearbox, giving 18 spindle speeds between 40 and 2,000 rpm.

A range of milling heads is available to suit a variety of duties. These include a compound swivelling head which can be adjusted to any angle and any plane between vertical and horizontal. If required, the machine can be equipped for plain horizontal milling directly off the main spindle.

An available option is a pendant-mounted digital positional control comprising a manual data output system with magnetic tape storage. Details on 0926 496361.

Clean-up for a pint

THE EFFICIENT cleaning of beer kegs to ensure sterility calls for accurate temperature and time control. To meet this need a new logging device has been designed to monitor keg-washing temperatures. It consists of a temperature transducer, logging and relay electronics and a reply recorder.

Designed and manufactured for Bass Brewing by Millennium Professional and Technical Services, it uses a platinum resistance sensor made by Rosemount Engineering.

The device permits the internal temperature of the keg to be measured once per second throughout a working cycle of 25 minutes and over a temperature range of 50 to 150 deg C.

The platinum sensor is built into a mobile unit fitted on to a modified and specially instrumented keg which replaces a normal keg on a number of specific cleaning runs each day. When the washing cycle is completed the device plays back through a portable analogue chart which indicates a temperature/time profile. More from 0243 863121.

Interference

AN INSTRUMENT designed to facilitate the measurement of electrical interference from mains-powered equipment has been developed by the West German company Rohde und Schwarz, which claims that the instrument not only feeds the item under test with mains voltage current but also makes sure that the mains current presents a defined impedance to the item.

It is also claimed that interference from the mains does not reach the measurement circuitry and that interference from the item under test is fed under defined conditions to a suitable test receiver. The new instrument is designated the ESH 2.Z5 artificial mains network. Details from 01-397 8771.

The mystery of the Treasury

BY PETER RIDDELL

THE TREASURY has always been a somewhat mysterious institution—like a powerful monastic order which outsiders fear criticise and, at times, grudgingly respect.

Along with the mystery there has also been plenty of myth-making. From the right the Treasury has been seen as full of sceptics about monetarism who really believe in demand management and incomes policy. In contrast, the left views the mandarins of Great George Street as fervent monetarists and keen to axe public spending.

The latest mythmaker is Mr Adrian Ham who was for two years (1974-76) a special adviser to Mr. Denis Healey as Chancellor. His new book (Treasury Rules) is significant not only because of the post he occupied but also because it is likely to be regarded by many of the left as a guide to how the Treasury works. The book is well-researched but, unfortunately, Mr Ham provides few insights and he only makes oblique references to his own experiences in the Treasury.

The thesis of the book is that there is a remarkable degree of continuity of argument, social outlook and attitudes. This boils down to a preference in the Treasury for "sound money" policies, involving an adherence to the views and interests of the City of London over those of manufacturing industry and a reluctance to favour policies designed to boost growth.

Mr Ham has little difficulty in demonstrating what he sees as the Treasury's pernicious influence in favouring the return to the Gold Standard in the 1920s and opposing large-scale rearmament in the 1930s.

He goes on to argue that these attitudes have persisted since the war — "The approach to economic management in the late 1970s and early 1980s more closely resembled the application of the old-fashioned Treasury rules of the 1920s than at any time in the 50 preceding years." The doctrines have "stayed much the same," according to Mr Ham, because of the continuing power of Treasury officials working closely with the Bank of England.

Mr Ham's thesis is a travesty of the Treasury's recent record and current views — leaving aside the difference between the *falling* national income and prices of the early 1930s and the varying rates of *growth* of both now. Indeed, as a result of his own experience Mr Ham ought to have appreciated that the Treasury has changed since the war. Sir Bryan Hopkin, the chief economic adviser in the mid-1970s, can hardly be described as in the grip of gold fever: instead, as his recent statement shows, he is one of the leading upholders of the neo-Keynesian tradition. Moreover, the current economic strategy was clearly designed by ministers and a few key advisers and was not imposed by officials either in the Treasury or the Bank.

Intention

Senior Treasury officials have certainly not been blameless for recent policy mistakes yet their faults were often more of confusion than of intention. The Treasury can still be criticised as a somewhat enclosed institution, suspicious of outsiders, yet that does not mean it has a single or unchanging viewpoint.

Mr Ham has failed to grasp the mystery of the Treasury. For that we may have to wait for the forthcoming memoirs of Mr Joel Barnett (Chief Secretary from 1974 to 1979) and the work of public spending from Sir Leo Pliatzky (responsible for expenditure during the 1975-77 period).

Meanwhile, the comment of Mr Denis Healey (given in the recent BBC series *No Minister*) is much nearer the mark. "Of all the departments the one which has the least coherent view of its role is the Treasury. It may have been true in the 10 years after the war that all Treasury officials knew exactly how the country should be run but in my experience none of them knows now. They are deeply divided on many of the central issues. You will find monetarist officials, people who are neo-Keynesians, people who are pragmatists of one sort or another."

"Treasury Rules, recurrent themes in British Economic Policy." By Adrian Ham, price £7.95 from Quartet Books.

Pruning: you may lose more than you gain

GARDENS TODAY

BY ROBIN LANE FOX

LAST WEEKEND, I found myself looking round the garden for something to prune. The climbing roses dangled temptingly. Buddleias spread far and wide. A pale pink lilac had far outgrown its nurseryman's predictions and seemed to be begging to have its top cut out. It took a strong will to divert the secateurs on to deadheading and work off the energy on last month's moribund bedding plants.

This mania for pruning is a common complaint. It affects half-hearted gardeners in early summer, when they find that their shrubs have a horrible habit of growing out of line and when everyone else seems to be working virtuously in their own rows of beans. Guilt, ignorance and a householder's hatred of untidiness cause them to give the shrubs a hard spring cleaning with the sharper part of their tool kit. A fine weekend after the Cup Final sees pruning madness at its peak. The complaint never leads to much good.

Half the art in growing good shrubs is to place them properly in the right soil: the other half is to know how to leave them alone.

I cannot remember when, if ever, I pruned the plants which now give me most pleasure, escallonias, ceanothus, magnolias, daphne and cistus. From time to time, I have cut out their ugly deadwood. That job can obviously be done at almost any season. Their only hard pruner has been the snow. Falling heavily in spring, it broke some of the best branches and knocked them into unusual shapes. Not much can be done to correct this, and in some cases, any action at all would be mistaken.

In particular, the cistus invites a hard cutting when it grows thin along its lower branches or loses half its shape in a snow drift. Sad experience has taught me never to cut into any worthwhile cistus's hard wood. The softer tips can be cut back, but if you prune into the solid supports, you encourage no new growth and uproot half the shrub. The few exceptions are small white-flowered varieties which no gardener bothers to grow. When a cistus loses its form, it has to be replaced, not reshaped.

If in doubt, leave the plant alone: in August certainly, next to no pruning ought to be attempted. The only important exceptions are the large trees and shrubs with brittle wood. By late August, their sap and growth are falling away, so large branches can be cut without encouraging the wounds to bleed.

Nobody wants to cut large chunks out of a spring-flowering magnolia, but if the weather has broken your tree earlier in the season, now is the moment to level it up and shape the bigger limbs. Magnolias break and rot very easily because the central wood of a branch's heart is remarkably soft. If you have to cut one, paint the wood with a dressing and watch out for any holes. A warm autumn will give the wound time to heal before the frost, though the season is slipping by for this distressing job.

Similar timing suits the most popular new tree of the past decade, the so-called Golden Acacia. In fact, it is not properly golden nor is it an acacia at all. The true name is Robinia Frisia and in August, I think it a magnificent sight. Its leaves are such a fresh grass-green and have lost the stronger yellow of their earlier life.

This thickly-branched tree grows fast, but it pays for its spread by breaking in a strong wind. To please the eye, I like to see its twigs thinned in mid-summer so that the light can play on its bunches of feathered green leaves.

Work on the more serious breaks should wait until later, when August will moderate the the bleeding from any new cut and the bigger branches can be trimmed into line. The laburnum shows a preference for this late summer tidying and again, it is a tree whose great popularity has not wearied my favour for it. If a big branch on your laburnum is blocking the light, attack it now and cause the tree the least pain.

Generally, shrubs which flower from June onwards like to be trimmed back after their flowers have fallen. Here, May madness with the secateurs is exceptionally foolish. But cutting back the main growth, one merely removes the coming crop of flowers. Yet I have seen Philadelphus cut to pieces in early May, Weigelia ruined in the first bank holiday and Escallonias stripped of the old wood on which they will soon bud.

I blame these disasters on the modern rage for forsythia. Every owner of this harsh yellow peril knows by now that he ought to cut it ferociously after flowering. If not, his neighbour will soon put him wise.

Out comes the pruning-saw in mid-May, correctly, but it is a fatally easy step from the forsythia to anything else over five foot. If you are unsure, wait until the flowers are over and then thin lightly back to a shrub's hardwood. That is not an infallible rule, but it does far more good than harm.

All rules have exceptions, so I will reassure you first with a popular example which obeys it, but which innocent gardeners still mishandle. Most shrubberies still have a few flowering brooms, or Cytisus. Out of flower, I do not care for the bigger ones nor do I relish their sharp scent. But the smaller ones are handsome, especially the pale cream form called Kewensis which spreads charmingly in paving stones or at the top of steps.

The brooms of my acquaintance are either cut too late or too seldom. In May they ought to be pruned back on their main stem to a point just below the recent seed pods as soon as these appear.

The reasons are all sound. Brooms flower in May on wood which they have thrown out during the previous season. They do not live long if they are allowed to be exhausted by a full sex life and a yearly crop of seed. By cutting them straight after flowering, you avoid the seed pods and you encourage next year's blossoms by giving this year's shoots their head.

You also strike a blow at black fly. I notice that these black pests like to gather round a broom's seed pods and spread out from them on to weaker neighbours. By pruning hard in May, you strip off their shelter.

Brooms, in fact, run true to the rule so you should never cut far back into their hard basal wood as this will seldom sprout again. Instead, you should be punctual straight after flowering and check your brooms before they flop forwards or turn so leggy that you wish you had planted something else. They are one of the few plants on which it pays to act hard and fast. Now is certainly not the time to shake them up.

The brooms' tastes are shared by many others, such as Mock Orange Blossom, Weigelia, forsythia, the japonicas, most honeysuckle and that lovely buddleia called Alternifolia which sends out long wands of pale lavender flowers in July. Other buddleias are better left until spring, but generally the summer flowers prefer to be cut after flowering, if at all.

Maybe you will forget them until two months after the event. But in that case, I suggest you do nothing at all.

Last weekend, my secateurs toyed with a fine early Deutzia and hovered briefly before a free growing Ribes. If cut so late, these would flower more sparsely in 1982. So back went the cutters, unused as the mood for tidying passed.

It is not the least of a shrub border's merits that those who turn late to it are best advised to leave it alone for another year.

Bath favours fast track mounts

RACING

DOMINIC WIGAN

THE OFFICIAL going report issued for Bath on Monday gave the ground as hard and, following yesterday's continued sunshine, Bath's downland course must be riding as fast as at any time in the past few seasons.

Backers will therefore do well to ignore the claims of all but those who have run up to their best in these conditions.

Two who are clearly in their element given top of the ground conditions, are Another Way and More Oats. Another Way, who caught my eye when she showed fine speed for half a mile in a maidens' auction event on fast ground at Kempton, looks a sporting bet to cause an upset in the Tog Hill Maiden Fillies' Stakes.

More Oats should, on all known form, take all the beating in the Pennsylvania Stakes. Guy Harwood's charge may be chased home by another challenger from Sussex, Bustella. This Dunlop runner did well when failing by only half a length to cope with On Her Own, a stable companion to More Oats at Folkestone.

Peter Walwyn, whose training career was partially founded on the exploits of the old campaigner, Be Hopeful, will be anxious to win the Memorial Handicap with Golden Order.

The six-year-old has already shown his liking for this track, but with Martial Arts and Zaccio standing between him and success. I am rather doubtful of him pulling off a popular victory.

Zaccio, in receipt of 30 lbs from the Seven Barrows representative, looks a more rewarding proposition, particularly if one is prepared to see him recapturing his form of last month at Folkestone. There he ran Big Pal to half a length in the race preceding Bustella's useful effort.

At Yarmouth, where Piggott is in action again, Charlie Dan is probably the afternoon's best bet. Stable companion to More Oats, he showed better form than anything his rivals have achieved when placed in the Cranbourn Chase Stakes at Ascot.

BATH

2.30—Another Way**
3.00—Zaccio*
3.30—Annesley
4.30—More Oats

YARMOUTH

3.45—Myra's Pet
4.15—Charlie Dan***

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 8.35 The Wombles. 10.00 Jackanory. †10.15 Champion, The Wonder Horse. 10.40-11.05 Take Hart. 1.12 pm Regional News for England (except London). 1.15 News 1.30-1.45 Fingerbobs. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Lassie. 5.05 Newsround. 5.10 Grandad

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Now Get Out of That.
6.50 The Wonderful World of Disney.
7.40 The Dick Emery Show.
8.15 Marti Caine.
9.00 News.
9.25 Shoestring.
10.20 Cosmos.
11.10 A Little Night Music.
11.40-11.45 News Headlines.

All Regions as BBC-1 except as follows:

Cymru / Wales — 5.10-5.35 pm Animal Magic. 5.55 Wales Today. 6.20 The Wonderful World of Disney. 7.05 Newydd-ion. 7.15-7.40 O Dro I Dro. 11.40 News Headlines, News and Weather for Wales.

Scotland — 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News Headlines, News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00-11.25 Play School
4.50 pm Open University.
6.55 F A C T S
7.20 One Hundred Great Paintings.
7.26 News Summary.
7.35 Cartoon Two
7.40 Sandor Vegh Masterclass.
8.10 The Body in Question.
9.00 Rhoda.
9.25 Top Crown.
10.10 Festival 81, from Edinburgh.
10.45 Newsnight.
†11.50 Laurel and Hardy in "Hoosegow."

LONDON

9.30 am Larry the Lamb. 9.40 Wild, Wild World of Animals. 10.10 World Famous Fairy Tales. †10.20 "Carnival," starring Sally Gray and Michael Wilding. 11.50 Beany and Cecil cartoon. 12.00 Cloppa Castle. 12.10 am Rainbow. 12.30 The Music of Man. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Play It Again. 2.00 Live from Two. 2.45 Mighty Moose and the Quarterback Kid. 3.45 Now You See It. 4.15 Steel Wool. 4.20 Animals in Action. 4.45 The Squad. 5.15 He's Boomer.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Sapphire and Steel.
7.30 Coronation Street.
8.00 Miss United Kingdom 1981.
9.00 The Member for Chelsea.
10.00 News.
10.30 Best Sellers: "Roughnecks" (continued).
12.20 am Close: Sit up and Listen with Professor Archie Roy.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am European Folk Tales. 9.40 England, Their England. 10.10 Thunderbirds. 11.00 Cartoon Time. 11.10 Pro-Celebrity Darts. 11.35 The History of the Motor Car. 1.20 pm Anglia News. 2.45 Bracken. 6.00 About Anglia. 12.15 am The Big Question (whether the growth of Islam in this country is a good or bad thing).

ATV

9.25 am The Stationary Ark. 9.50 Circus. 10.15 Contrasts. †10.45 ATV Picture Palace: "Riders of the Purple Sage," starring Tom Mix. 1.20 pm ATV News. 2.45 Bracken. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 12.15 am ATV News.

BORDER

9.30 am Untamed World. 9.55 George Hamilton IV. 10.20 Thunderbirds. 11.10 Wilderness Alive. 1.20 pm Border News. 2.45 Young Ramsay. 5.15 Bygones. 6.00 Lookaround Wednesday. 12.15 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 Bracken. 5.15 Out of Town. 6.00 Channel Report. 6.10 Ladies First. 10.28 Channel Late News. 12.15 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.45 am First Thing. 9.50 Alphabet—The Story of Writing. 10.20 240 Robert. 11.10 Beyond Westworld. 1.20 pm North News. 2.45 Bracken. 5.15 Welcome Back Kotter. 6.00 Summer at Six. 12.20 am North Headlines.

GRANADA

9.30 am Wildlife in Crisis. 9.55 Circus. 10.20 Wednesday Matinee: Ursula Andress in "She." 1.20 pm Granada Reports. 1.30 Emmerdale Farm. 2.45 Horrible Hunches. 5.15 Think Tank. 6.00 Granada Reports News. 6.05 Remember, Remember. 6.25 This Is Your Right.

HTV

9.45 am The World We Live In. 10.10 Young Ramsay. 11.00 Sesame Street. 1.20 pm HTV News. 1.30 The Electric Theatre Show. 2.45 Chopper Squad. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Laverne and Shirley. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.45-5.15 Sion Bili. 5.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

10.00 am Sesame Street. 10.55 Mary Chipperfield and Friends. 11.10 Charlie's Angels. 1.20 pm News Headlines and Road and Weather Report. 2.45 Bracken. 3.45 Survival. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today/Festival '81. 6.30 World Worth Keeping. 12.20 am Late Call.

SOUTHERN

9.00 am Nearer Wilderness. 10.20 The Adventures of Tom Sawyer. 11.30 Out of Town. 1.20 pm Southern News. 2.00 Houseparty. 2.25 The Amazing Years of the Cinema. 2.45 Bracken. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South East Area only).

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Tatters. 10.20 Crown Green Bowling. 10.45 The Flying Kiwi. 11.10 Rockstage. 1.20 pm North East News. 1.25 Where the Jobs are. 1.30 Superstar Profile. 2.45 Young Ramsay. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 12.15 am Four Great Cities.

ULSTER

1.20 pm Lunchtime. 2.45 Bracken. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Family Matters. 10.29 Ulster Weather. 12.15 am Bedtime.

WESTWARD

9.25 am Larry the Lamb in Toytown. 9.40 Sesame Street. 10.40 Hands. 11.05 Alphabet: The Story of Writing. 11.30 Razzmatazz. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Bracken. 5.15 Out of Town. 6.00 Westward Diary. 10.32 Westward Late News. 12.15 am Faith for Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am World Fairy Tales. 9.40 Waters of Broadland. †10.05 "The History of Mr Polly," starring John Mills, Mona Jenkins and Betty Ann Davies. 11.40 The Sand Castle. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 2.45 Bracken. 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions).

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Tony Blackburn with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Bob Kilbey (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News Sport. 6.00 David Symonds with Much More Music (S). 8.00 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 Stop the World. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight from The Edinburgh Festival. 1.00 am Trucker's Hour (S). 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composers: The Court of Mannheim (S). 10.00 Music for Organ (S). 10.40 Hilliard Ensemble (S). 11.00 Edinburgh Festival 1981 (S) (Part 1). 11.40 Festival Comment. 11.55 Concert (Part 2). 1.00 pm News. 1.05 The English Concert (S). 2.30 Three Choirs Festival (S). 4.10 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Let the People Sing (S). 7.30 Proms 81 (S) (part 1) Stravinsky. 8.20 Six Continents with Angus McDermid. 8.40 Proms 81 (S) (part 2) Sibelius. 9.35 Scientifically Speaking. 10.05 One Pair of Ears. 10.20 Copland (S). 11.00 News. 11.05-11.15 Haydn (S).

VHF only—Open University—5.55-6.55 am and 11.15 pm-12.35 am and for students in Scotland, Wales and Northern Ireland only: 12.35-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 Tales From A Long Room. 9.00 News. 9.05 Mid-week: Pete Murray. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 Give Or Take (S). 12.55 Weather, Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour from Milton Keynes. 3.00 News. 3.02 Afternoon Theatre. 4.00 A Walk On The Dark Side. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather Programme News. 6.00 News, including Financial Report. 6.30 The Year In Question. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Genealogy—Your Family History. 8.45 File On 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Lord Of The Rings (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Richard Vaughan Telephone Programme. 12.30 pm London News Desk. 12.40 MMM . . . Maitland's Midday Music. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 The Name of the Game . . . Football. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM—Douglas Cameron and Douglas Moffitt. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life, includes a feature on jazz. 9.00 Therese Birch—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 John Sachs. 6.30 London Tonight. 7.00 Capital Radio Jazz Festival. 8.30 Peter Young. 10.30 The Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,656

ACROSS

1 Examine critically and grill endlessly for a sixpence (7)
5 Calm accountant in a race (7)
9 "Rover's Return" mother takes on? (5)
10 All for getting home to drink wine (2,7)
11 Through past exultant . . . (8)
12 . . . destroy as before outside (5)
13 Eye whites shine dazzlingly it's said (5)
15 Drop a portion and find fault (4, 5)
18 Surmounted difficulties from movements of the sea in front of South-eastern port (5, 4)
19 Thrust top of hoe in soil (5)
21 Pass on Central American currency (5)
23 Puritanical vessel holding blooms (9)
25 The best layers wherein one can fire a shot without a charge (4-5)
26 A striking puppet? (5)
27 Bird described in 25 Across could be put aside for future use (3, 4)
28 The wind was one of darkness in The Highwayman (7)

DOWN

1 Drink to stabilise and it gives support to a guy (4-3)
2 The Golden Road to indicate article in desert? (9)
3 How the six hundred came to love a show (5)
4 Recurring theme sounds like a bright ornament on a woman's dress (9)
5 A difficult question for a . . . (5)
6 Stevenson's cow gave cream to eat with this confection (5-4)
7 A capital bouquet (5)
8 Beseech to spend time in the Bard's work . . . (7)
14 . . . and when icicles hang by the wall, Marian's nose looks like this (3, 2, 4)
16 The act of dressing ruptured artery, with man in distress (9)
17 Johnson's pension (9)
18 Discriminating as a musician must be? (7)
20 In financial difficulties, but deeply in love (4-3)
22 Cunning Scottish lamplighter it's said (5)
23 A unit within my means (5)
24 Turn up to repel an outcast (5)

Solution to puzzle No. 4,655

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

CLUBS

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

Television

Muscle coverage

by MICHAEL THOMPSON-NOEL

If this is Wednesday, it must be Zurich, and yet another whirlwind attempt by Sebastion Coe, or Steve Ovett, or Seb Covett, or Steve Oe, on the prevailing world record for the 800 metres / 1,000 metres / 1,500 metres / mile / 5,000 metres, steeplechase, plus hammer, high jump and shot.

It was inspired footwork by the BBC to interrupt the Nine O'Clock News last week so as to accommodate live coverage of yet another British assault on the record books, and as switches were flicked and as cameras panned, we discovered that it was indeed Wednesday, and Zurich and young Mr Coe, and that what we were about to witness—there, in our living-rooms—was an all-out attack not on one measly record but on two records at once for the 1,500 metres, and for the mile.

We absorbed all of this quickly, and much more besides, for in the twinkling of the second that it took to switch to Zurich, David Coleman, our commenator at track-side, had lathered himself into near-babbling hysteria.

He is one of the better commentators, but he so strains his vocal chords in the introductory minutes that by the time a race boils, he's got very little left to give.

He was at it on Wednesday: shouting and raving before Coe had even stripped for action, though it is true it promised to be something of a race. In addition to young Mr Coe, the field was stuffed with talent, including Byers of America, the Kenyan, Mike Boit, Thomas Wessinghage of Germany, and John Walker of New Zealand.

The atmosphere, we learnt, was "quite incredible," and with the crowd finally quietening, though not David Coleman, the runners were off. "Coming round to the end of the vital first lap," Coleman shouted and bellowed, ". . . and they're slow ! ! . . . 56.13 . . . outside the world record pace." The important thing, he added quickly, was not to have drawn too much out of the bank too quickly, though the second lap had now become "*very* important."

Safe at home in their armchairs, viewers may have thought that *all* laps were important, and they would have been right, but by now young Mr Coe, with Coleman sweating heavily, was launched upon the terrors of the second testing lap.

"Byers leads, Coe second, Gonzales third, Boit fourth, Wessinghage five." They reached the half-way mark in one minute, 53.59 seconds, and were suddenly *BACK ON SCHEDULE ! !*

And now Byers really goes . . . It's the third chilling lap, and Coe's got company . . . but Byers is feeling it: can Boit go and help ? ? . . . Coe's waiting, though he can't afford to dawdle . . . and there goes Coe . . . Boit follows, . . . Coe leads, Boit second, Byers is dead and going backwards, Steve Cram now in third place, Wessinghage fourth, Gonzales five.

At the three-quarter mark, the leaders are again behind world record pace, and Coleman is beside himself with anguish. "Coe's got to do better than that ! ! . . . he's really got to go now ! ! . . . and Coe is feeling this ! !"

In the event, Coe misses the 1,500 metres record but sets a new mile mark of 3:48.53, an improvement by 27 one-hundredths of a second on the record held by Steve Ovett.

But there is still some confusion. "What a courageous piece of running that was by Sebastion Coe," roars Coleman, now almost totally hoarse. ". . . and still we don't know whether the world record has been broken . . . The clock you can see is the unofficial clock. . . Sebastion Coe, quite incredibly, hasn't run a mile for two years. . . but the news is. . . he has broken the world mile record and that is the news from Zurich!!!"

So much sports coverage is hurled and shouted from the box that it is a marvel, of a kind, that the great armchair public isn't totally deaf; though if sheer volume of decibels is objectionable enough, so is mind-destroying blandness.

The period August 15 to August 21 was not untypical. By my count, it was a week that offered a total of 59 hours and 20 minutes of televised sport, comprised of 23 hours, 5 minutes on BBC-1, 18 hours 30 minutes on BBC-2 and 17 hours 45 minutes on ITV.

Blandness reaches its apogee on Saturdays, when the BBC's Grandstand and ITV's World of Sport, pull out all the stops.

On August 15, when I watched every nerve-wracked minute, *Grandstand* heavily outgunned *World of Sport* if for no other reason than it incorporated coverage of the fifth cricket Test Match against Australia; otherwise the schedules were grossly limp and dull.

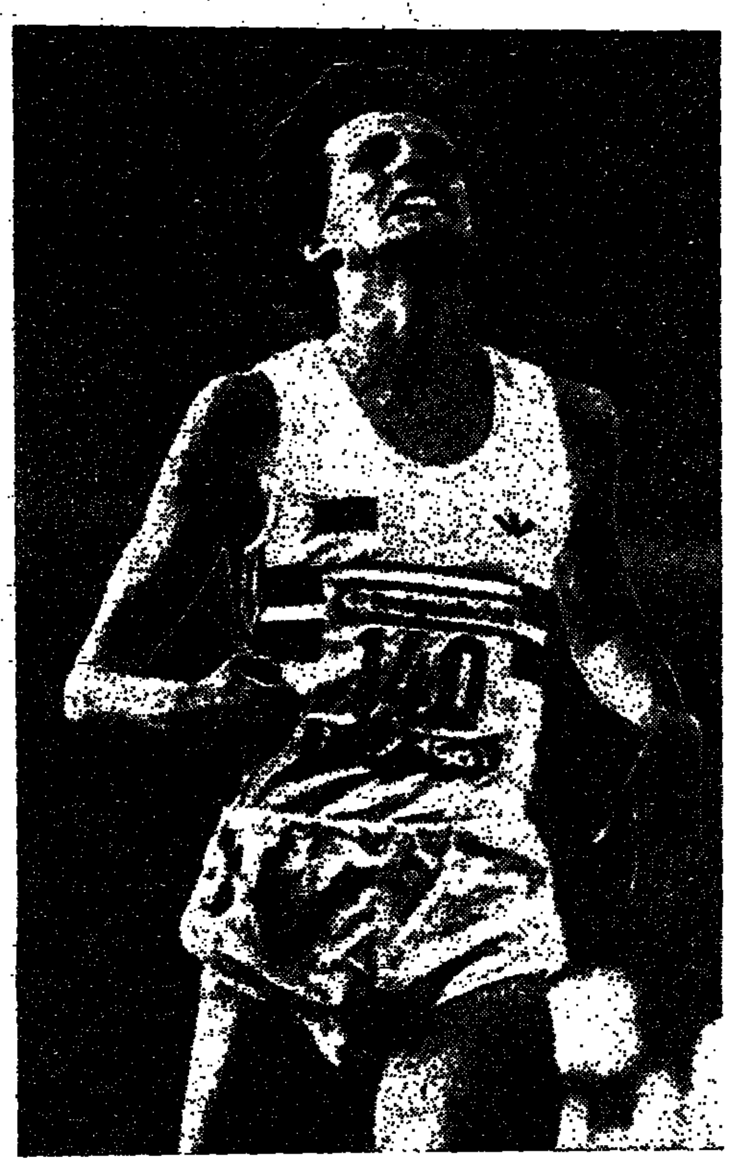
The BBC had eventing from Locko Park; racing from Newbury; athletics from Cwmbran, and athletics from Zagreb. *World of Sport's* answer was swimming from Milwaukee (yes, swimming, from Milwaukee); racing from Wolverhampton and Ripon; yachting (the Admiral's Cup); wrestling from Newton Aycliffe, and athletics from Zagreb.

The trouble is that sport on the box has grown dithery and dull. Someone needs to break the mould, and reintroduce journalistic inquisitiveness that goes beyond bellowed cliché and the prop of instant play-back.

An excellent programme, of its kind, was *Muscle Madness* (ITV; an ATV production) which peered into the bizarre world of women bodybuilders. For the most part it followed in the train of Carolyn Cheshire, described by TV Times as a perfectly-poised 5 ft 7 ins former model (now a high-powered secretary) who talks in the cool, clipped English of an Angela Rippon and does not look in the least as though she could squat press 188 lbs without breaking sweat, nor bench press 100 lbs, nor swing 35 lbs dumbbells with the nonchalance of Popeye.

Miss Cheshire was shown training in the gym, and competing in the World Women's Bodybuilding Championships in Atlantic City.

Is it sport? Why ever not? And lest anyone feels weak-kneed at the sight of muscled lady body-builders, their frames rippling in unfamiliar places, let him consider the grunting female heavies who compete at athletics meetings in the discuss and shot. This was a revealing and intelligent documentary.



Sebastian Coe

Carolyn Cheshire

Leonard Burt

Maureen Lipman and Gary Waldhorn

Lyric, Hammersmith

Chapter Two

by MICHAEL COVENEY

Neil Simon's comedy has taken several years to reach the London stage and it is not hard to see why. It has all the usual Simon qualities of regular laugh lines, urban menopausal adulterous fantasy and coagulated stage action. Grant Hicks's split design is only animated by the tired old telephone device and, at the end of the day, the central character —as is well known, modelled on the playwright—is the fellow you hate to love.

George Schneider is a novelist on the fringe of the movie business whose wife of 12 years has just died. He has returned from a European tour with his brother, Leo, who wants to find him a girl. Across town, on New York's upper East Side, the actress Jennie Malone has divorced a husband of six years and her smokey-voiced chum, another actress, wants to find her a man.

George and Jennie meet on the telephone, talk to his mother on the telephone and eventually recover from a disastrous honeymoon in Barbados (three days of rain, two of diarrhoea) down the wire. Ring out those bells.

Leo (George Layton) is a theatrical press agent pursued by his chiropractor's wife and his own inability to cope with monogamy. In eleven years he has not made love to his wife with the light on and goes through some smoochy motions with the actress friend, Faye (Lynda Bellingham). They are, of course, interrupted by Jennie, but not before he has kissed his way from Faye's knee to her foot. This suggests to her that he has "done this a lot."

The trouble with George is that he cannot forget Barbara and the problem leads to as acrimonious a stage row as Simon has written. While admiring the smartness of the dialogue and the calculatedly honed witticisms that zing hopefully into the atmosphere, I cannot say that I cared one jot about these pampered, self-regarding New Yorkers.

Peter James's production, his first since taking over the Lyric, is cleverly but uninspiringly cast. Gary Waldhorn is a little down in the mouth even for George and has trouble with the rhythms of Manhattan speech and the architecture, such as it is, of individual scenes. Maureen Lipman is charmingly offbeat as Jennie but the sparks never fly. Like the play, she is increasingly unfunny as the evening wears on.

Arts news in brief

The joint winners of the first Jan Dawson Award for 1981 are David Kershaw and the feminist film distributors, Circles.

David Kershaw, the musicologist, receives his award to aid his research on the original music score of Eisenstein's silent film, *October*. It is anticipated there will be a live performance of the reconstructed score with full orchestra, at a public screening of the film.

Circles, the feminist film distributors, were named as joint winners in recognition of their activities in the distribution of feminist film and video work and to assist them in making available works that otherwise would not be in public distribution.

The Jan Dawson Award was established in 1980 in memory of the late Jan Dawson, to commemorate her work as a film critic, writer, and programme adviser to Riverside Studios and other organisations.

The award, which is to be given annually, is intended to assist in the distribution of films and in research and writing on film, reflecting Jan Dawson's work in promoting a film culture in its widest sense.

★

Following its run at the Greenwich Theatre, *The Killing Game*, by Thomas Muschamp, is to transfer to the West End, opening at the Apollo Theatre, Shaftesbury Avenue, on September 9, with one preview on September 8.

The play stars Hannah Gordon, Peter Gilmore, Lewis Fiander, Philip Bond and Ernest Clark.

★

Because of the exceptionally high standard in the preliminary round of the Benson & Hedges Gold Award competition for concert singers, held in London last week, the judges have invited 14 instead of 12 singers to compete in the quarter-final stage at Snape Maltings, Aldeburgh.

The quarter-finals are part of the Benson & Hedges Music Festival with the final being held on Saturday, October 3.

The Gold Award is worth £2,500 to the winner, plus guarantees of concert engagements, including a Wigmore Hall recital in London sponsored by Benson & Hedges.

★

Mezzo soprano Elizabeth-Anne Price and young conductor David Seaman have been awarded the 1981-82 Amoco Bursaries to work with Welsh National Opera.

The bursaries were inaugurated last year to enable young artists to work with the company in order to assist them in their professional careers.

The bursaries were set up with funds provided by Amoco UK as part of its overall sponsorship of WNO and have enabled the company, in time of financial restraint, to make greater use of the limited resources available.

★

Works by Patrick Heron including paintings which have not previously been exhibited in this country will be on show in the gallery at Riverside Studios from September 9 to October 4.

★

Peggy Mount is to star in a new musical, *Mrs Tucker's Pageant*, opening at the Theatre Royal in Stratford East on September 17. Written by Ken Hill and Alan Klein, the show follows the fortunes of a village community in its attempt to raise money to buy a village hall that the local council is threatening to sell to developers.

Also in the cast are Judith Bruce, Larry Dann, Geoffrey Freshwater, Jacqui Reddin, Valerie Walsh and Timothy Whitnall.

★

The BBC Singers, eight of whom sing each day on Radio 4's Daily Service, are to have their own series of concerts in the Elizabeth Hall this winter. Lately in the Proms limelight with Schoenberg's *Gurrelieder* and Verdi's *La Forza del Destino*, the BBC Singers under the direction of John Poole, are using the concerts to trace the history of choral music in Germany and Hungary

The first in the series is on October 8 and the idea is to set works by Bartok and Kodaly alongside those of Schumann, Mendelssohn and Liszt. The works have been chosen to illustrate part song and sacred music, accompanied and unaccompanied.

Each concert is alleged to contain a hidden, comparatively unknown pearl, such as Schumann's *Verzweifle nicht im Schmerzenstal* (October 29), Brahms's songs and romances Opus 93a (March 25), and the seldom performed Liszt Requiem or male voices, brass and organ (February 4).

Edinburgh Festival

Fringe notes

by B. A. YOUNG

The Festival Club is no longer in the Assembly Rooms in George Street, but over the valley, where it shares accommodation with the University in Chambers Street. The Assembly Rooms now house several Fringe groups and a colourful self-service snack-bar.

I had little chance to cover the Fringe, with so many "official" openings. The Cambridge Mummers impressed me again with an hour-long piece by Oscar Moore about mental patients doing therapy in the mortuary. An improbable situation, no doubt, but this was well written, well acted, imaginatively directed, and made no attempt to suggest that madness is funny. A play by E. L. Doctorow played by the Arena Stage Company (professional) proved disappointing. Doctorow wrote it originally as a monologue, an exercise in authoritarian harangue. Dramatised, a man holds up his fellow-guests at a dinner party, including a Secretary of State, with talk about the decline of the world. It all peters out, and they go into what can then hardly be a happy or toothsome meal.

The Bristol Phoenix Company has come up with a Russian play from 1959, *Five Evenings*, by Aleksander Volodin. It tells of the long-awaited wooing (the evenings aren't consecutive) of Tamara and Sasha, once childhood friends, now in the late 30s. The style is familiar from the work of Arbuzov, with feelings only surface-deep, as if marriage meant no more than sharing an apartment. The effect might have been less frigid if all five players hadn't looked about the same age.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bank	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd.	12½%
Associates Cap. Corp.	12 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Bristol & West Invests.	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Brit. Bank of Mid. East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12½%	E. S. Schwab	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	12 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
C. E. Coates	12 %	Whiteaway Laidlaw	12½%
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
Corinthian Secs.	12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
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■ Members of the Accepting Houses Committee.
* 7-day deposits 9%. 1-month 9½%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 10%, and over £50,000 11%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

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How to make a bad job worse

IT IS sad but not very surprising that the slowing of the recession suggested in recent output statistics has had no visible impact yet on the trend of UK unemployment. The trend growth slowed some months ago from about 1m annually to about half that figure, but there is no sign of any further easing. The growth of the labour force in a still flat and depressed economy, and the continued search for manpower economies explain the gloomy facts.

Earnings

The Government may well have hoped that the soft labour market conditions, evident in earnings which are now lagging nearly three per cent behind the cost of living, would check this shedding of manpower; but for two reasons, it is much too early to hope for that. First, real wages are still very high by historic standards: in the previous year, they rose nearly four per cent under the combined influence of excessive settlements and a very strong exchange rate. Secondly, the apparent correction in sterling which has been achieved since the fault... monetary... once was corrected in March has not helped much because it reflects almost entirely the rise of the dollar. Competitiveness within our main European markets remains very weak indeed for the average British employer.

The further slowing in wage increases tentatively shown in the most recent trend of settlements promises some further relief of pressure over the next 12 months, and the equally tenuous suggestions of an improvement in underlying productivity may also help to stabilise the situation: manpower shedding, like the stock cycle, is to some extent a once-for-all event. However, as long as the disarray in U.S. policies and expectations continues to dictate very high interest rates, which held the dollar up and the EMS currencies down, it is highly unlikely that comparative employment costs in the UK will fall to a level which offers a real stimulus for growth and new productive investment.

Strategy

The Government evidently feels powerless to deal with these underlying problems, though it may silently be praying for an easing in U.S. interest rates which would permit a helpful realignment around the sterling parity. Its present strategy is simply to try to alleviate the worst social consequences of an over-pricing of labour, and to facilitate moves from declining to new employment as and when the opportunity appears.

The combination of special programmes for school leavers and retraining is hardly a programme for economic revival, but it is quite obviously better than nothing. Up to now, this has been generally agreed; but now, as is clear from the agenda for the forthcoming TUC conference, the consensus on even this limited set of palliatives seems to be vanishing.

There are several reasons for this deplorable state of affairs. The general leftward drift of trade union politics is quite largely an expression of intense frustration. Non-co-operation served the unions well under Mr Heath, and the temptation to try it again is almost irresistible in the present mood.

The Government has proposed changes in the structure of training programmes, removing the statutory authority of the boards and reducing trade union influence in the voluntary bodies which replace them, which has focused union resentment in this field. There is now a real danger that the unions at local level will obstruct the efforts of those who have benefited from the Youth Opportunities Programme or from retraining in their search for permanent jobs.

Positions

This would be a disastrous development, and both sides should seriously reconsider their positions. The Government, in its training proposals, has overridden the advice of the Manpower Services Commission and the wishes of some important employers, as well as giving gratuitous offence to the unions. There is no important issue of principle here to prevent a constructive dialogue with the unions on a matter in which they have a legitimate concern.

The unions, on their side, should think most carefully before adopting policies which would make it easy to paint them as a closed shop of those with jobs against youth and the unemployed. They may not like the Government, but this is no way to arouse support for an alternative.

Botha plays with fire

THE FULL military implications of South Africa's latest incursion into Angola have yet to become clear: the political implications are plain. However threatened it may feel by its African neighbours, the so-called front line states, the South African Government believes that it can safely flout *both* anti-apartheid feeling in the western world and the pressures to grant independence to Namibia.

There are two obvious reasons for such confidence. The advent in Washington of President Reagan has convinced Pretoria that for strategic reasons the leading power of the West wants to preserve a strong anti-Communist South Africa. Moreover, Britain and France, for good reasons, joined the U.S. last April in vetoing Security Council resolutions to impose a stringent and mandatory embargo on the Republic.

With his foreign policy lines thus protected, Mr P. W. Botha, the South African Prime Minister, has been able to pursue a policy designed to prevent his being outflanked at home by the advocates of apartheid in its most virulent form. Though he has often used the language of the advocates of modest reform, in practice nothing has been done. When the newly - elected parliament assembled earlier this month, Mr Botha had no proposals for narrowing the gulf between the races in South Africa.

Warned

At the same time South African official statements and activities against its northern neighbours have been becoming sterner. Mozambique has been warned not to give shelter to guerrillas of the African National Council (ANC) operating against South African territory. Military activity has been stepped up against the Angolan bases of Swapo guerrillas from Namibia.

This week's armoured incursion is the latest and so far gravest example: it remains to be seen whether it presages a new and bloodier phase in a campaign which has been waged on and off since 1975. That would become inevitable if the Angolans make good a threat that they would call for military assistance from other countries.

In the first place that can only mean Cubans, of whom there are thought to be 20,000 in Angola. Behind them there stands the Soviet Union. At this stage a direct Soviet involvement looks extremely improbable. Nevertheless Mr Botha is playing with fire. His policy threatens to involve both the Soviet Union and the U.S. more closely in the conflicts of southern Africa. Western interests would assuredly not be served if the Russians were to play an increasingly active hand there.

That knowledge was a major reason why a group of western nations, consisting of the U.S., Britain, Canada, France, and West Germany, has been striving to find a formula which would enable South Africa to grant Namibia independence. That formula would have to build on a United Nations resolution, but add to it safeguards for minorities—principally the 100,000 whites who constitute about one tenth of the population of Namibia.

Some progress was made: the Botha Government actually agreed to sit down at the conference table with Swapo. But then it torpedoed the conference. The basic reason was that Pretoria was not prepared to let Namibia go.

Attitude

Pretoria's tactics also were a response to the abandonment of Mr Jimmy Carter's human rights policies. The Reagan team has been promising to restore South Africa to its role as a respectable regional power, if it gave way on Namibia. A series of not always consistent statements seem to have persuaded Mr Botha that the U.S. is on his side. That encouraged him to take a more belligerent attitude towards Swapo and Luanda. His new policy will perpetuate regional conflicts which South Africa cannot win.

The incursion into Angola heightens the need for Washington to define its policy towards southern Africa. A clear condemnation of the raid into Angola is needed, followed by a determined search for a Namibian settlement. There is no need gratuitously to drive Namibian nationalists into Moscow's arms or to reinforce Angola's links with Moscow.

As for South Africa, Mr Botha won his election with the slogan that the country must adapt or die: so far it has shown few signs of adapting to the post-colonial era.

THE U.S. HOSTAGE DEAL

The end of the beginning

By Duncan Campbell-Smith

TIRED BUT well-contented negotiators on behalf of the U.S. and Iran sat at a table in the Dutch central bank in Amsterdam last week to count painstakingly through an 18-inch pile of bond and equity certificates worth several million dollars.

The certificates had arrived earlier that Monday by overnight courier from the New York Reserve Bank. Checked and rechecked, they were deposited by the evening with a bank established exclusively for their account—and for cash funds of slightly over $2bn received via telex transfer from the New York Fed for value the next day.

The money thus transferred into a new subsidiary of the Dutch central bank had been collected by the New York Fed from Iranian accounts held with 12 major commercial banks in the U.S. Last week's transactions fulfilled the third and last part of the commitment given by the U.S. Government to Iran on January 19 that it would hand over all Iranian assets held in the U.S. banking system in exchange for the freedom of the American hostages held in Tehran since November 1979.

It has not been a commitment easily honoured.

Its first and second parts caused less disquiet in the U.S. than the events leading up to the transfers made last week. First, Iranian cash and gold held by the U.S. Federal Reserve and worth $2.24bn were surrendered. Next came Iranian deposits in the European branches of 12 U.S. banks and worth $5.5bn. Both assignments passed to special accounts held for Iran at the Bank of England by the time of the hostages' release.

There were objections in the U.S. to accepting even these parts of the deal. But serious resistance was abandoned and for two reasons. Shifting the money, nearly $8bn, was obviously the key to resolving an impasse of passionate concern to all Americans. Equally important, and still astonishing in retrospect, of the $8bn to be collected by the Bank of England, Iran had suddenly agreed to take possession of rather less than $3bn and to leave $5.1bn behind to settle its debts with the U.S. banking system.

There remained then Iran's deposits of $2bn in the domestic branches of the U.S. banks. It was agreed on January 19 that they would be surrendered within six months. Within days of the agreement, however, the hostages were in West German hospitals and Iran's syndicated bank debts of $3.7bn were being speedily repaid from the Bank of England accounts as arranged. The planned treatment of the remaining Iranian assets began to look less satisfactory.

Since November 1979 more than 450 litigants had turned to the U.S. courts claiming compensation from Iran. Surrendering the domestic bank deposits in the U.S. meant losing immediate control of assets which might have provided that compensation.

The U.S. Government's commitment, moreover, required that in addition to surrendering the Iranian deposits it would take executive action to halt compensation claims against them in the U.S. courts.

This action was taken in February and upheld by the Supreme Court on July 2. Litigants have been invited to place their claims instead before a permanent court of arbitration at The Hague which was inaugurated on July 1 and is scheduled to receive the claims between October 19 and January 19, 1982.

The legal and administrative problems of accepting this invitation are enormous. Few U.S. lawyers have much experience of international arbitration law, which differs markedly from U.S. practice.

All written submissions to The Hague must be made in English and Farsi. This has already generated a thriving cottage industry in New York and Washington D.C. Individuals offering both languages and some knowledge of the legal issues are rare enough to have been earning $800 a week for casual translation work.

The physical loss of the U.S. bank deposits and the arbitration process have also been viewed with political misgivings.

The particular complication surrounding the deposits is that the January agreement provided for half of them to pass back into Iran's possession and for half—that is, $1bn—to be retained in a so-called "Security Account" with the neutral depository bank.

The Security Account must meet any compensation claims awarded by the court at The Hague—and must be topped up by Iran if it should fall below $500m as and when claims begin to draw upon it.

The arrangement is studded with uncertainties. Negotiations to implement it stretched from July 6 through a succession of deadlines including the original July 19. They still faced what one official described as "significant issues"—whether the Security Account could pay for out-of-court settlements, for example, or (above all) whether the interest earned on it would be accrued or passed to Iran—right up to the moment of agreement on August 17.

Remaining differences of opinion, including the interest question, were finally set aside that day for later arbitration by the permanent court.

As a result, the $1bn Security Account is now operative and Iran has received half of the $2bn deposits. A tribunal has been appointed—again, after many tiresome delays—consisting of three Americans, three Iranians and three independent lawyers (two Swedes and a Frenchman). A drafting committee will meet again on September 4 to finalise its procedural recommendations.

> Since November 1979 more than 450 litigants had turned to the U.S. courts claiming compensation from Iran

But how committed to the whole process are the various parties involved—and what are their expectations of it?

The U.S. Government has presented the permanent court as a political success offering a speedier and less expensive resolution of the outstanding suits. But of major corporate litigants like General Motors, Xerox, American Telephone and Telegraph (AT and T) or General Telephone and Electronics—suing Iranian entities for $60m, $85m, $69.5m and $100m respectively — several have yet to announce their response to the halt on domestic court actions and doubt that claims sent to The Hague will require less than three to five years of litigation.

The *Iranian Assets Litigation Reporter* is a twice monthly U.S. private publication which tracks the whole legal morass in the U.S. courts for a large number of corporate subscribers. An 80 per cent renewal rate for its next subscription period starting in September does not suggest that the Supreme Court's July ruling has led many to set aside their domestic suits with much conviction.

The U.S. Government has also been at pains, however, to publicise that the text of the agreement which it signed in January, in the words of one Washington lawyer, "was very elaborately mined." Numerous ambiguities and legal innuendoes were introduced, that is to say, which could now offer valuable assistance to U.S. plaintiffs at The Hague — and might even allow extensive access to U.S. courts in the future, which the Iranians feel is contrary to the spirit of the agreement.

Where the legal mining allows plaintiffs to proceed in domestic courts—for example, over claims arising from letters of credit operations—the U.S. Government's phrasing will no doubt be appreciated. Fifty to 60 cases are expected to fall in this category (any awards will presumably lead to a pursuit of Iranian assets overseas).

Again, where the result prompts the permanent court to reject ill-substantiated Iranian objections — for example Iran demands that certain claims are contract-bound to be heard in a Tehran court, but it appears that some prudent U.S. wording last January has now minimised this problem—plaintiffs will again have cause to be grateful.

But many U.S. executives do not conceal their nervousness that too much "mining" of the agreement could be disastrously counter-productive — especially if it should lead exasperated Iranian officials to neglect the topping up of the Security Account.

The assurance of "the bottomless pitcher" is a major concern of all the corporate plaintiffs. More than 2,000 claims are already in preparation, valued at many billions of dollars. Even allowing for inflated estimates, the Security Account in Amsterdam is going to leave many unhappy plaintiffs if $1bn proves to be the final pot.

The danger seems certain to encourage U.S. corporations to pursue out-of-court settlements. Several leading plaintiffs have been approached to meet Iranian officials in Vienna next month. The future of such talks raises the one question which is most difficult to answer: how do the Iranians regard the progress of the settlement since January?

Certainly they see themselves as faced with a nation of lawyers. Iranian officials have been surprised and perplexed by many U.S. readings of the January agreement. They are relying heavily on the Washington law firm Shack and Kimball which is representing Iran's Government before the American courts.

There is an evident desire in Tehran to remove claims from The Hague where possible. A U.S. procedural proposal to deal via a lump sum out of court with claims under $250,000 has been welcomed by Iran as an effective elimination of those claims from The Hague's jurisdiction.

The Tehran parliament still has a significant lobby opposed to letting any claims be heard outside Iranian courts and the Government is keen to be seen distancing itself from The Hague where possible.

At the same time, some observers see a new pragmatism in Tehran. Earlier this month parliament voted to allow a dispute with Skoda of Yugoslavia to go to international arbitration, an unprecedented act since the revolution.

The new governor of Bank Markazi is Dr Mohsen Nourbakhsh. In June, he replaced Mr Ali Nowbari who was appointed by the former President Bani-Sadr. Dr Nourbakhsh could feel able to take a less nationalistic stance. His officials expect The Hague's arbitration to last seven years or more. They are already believed to have reached some out-of-court settlements. Future commercial ties may be a consideration—though it is not one that any Iranian official could publicly entertain at present.

Dr Nourbakhsh himself disclosed in an interview last month that, notwithstanding any public rhetoric to the contrary, Iran is meanwhile taking the permanent court very seriously. Iran's counter-claims, he said, could be "perhaps for the same amounts" as the plaintiffs' claims.

In fighting those claims, Iran can be expected to concentrate on at least three main points. First, many of the plaintiffs pulled out of Iranian contracts before the seizure of the hostages and in some cases even before the departure of the Shah. Second, many contracts will be attacked as unlawful products of corrupt officialdom under the Shah, comprising inflated prices and unscheduled payments. Third, some Western companies will be accused of conducting business throughout the 1970s with the Iranian private sector which, strictly speaking, should have been channelled through state departments.

The last objection has already been put to some of the major U.S. banks seeking repayment of direct loans to Iranian entities. The special accounts set up at the Bank of England in January still include $1.4bn to provide for these loans. Principal amounts have in some cases been acknowledged through officials working at the Bank Melli offices in London. But claims for interest overdue are proving more difficult. The Bank Markazi will not allow the one issue to be settled without the other—"we could start to get impatient by next month," said one involved banker.

Finally, little or no progress has been made concerning the recovery of Iran's non-bank assets in the U.S.—estimated at around $2bn—or of assets belonging to the Shah and his immediate family. The U.S. Government has refused the Iranians access to its April 1980 census of these assets and has made no reference to them since March 4. The Iranians for their part have so far filed three suits but have named only one defendant in the U.S.—the Shah's sister, Princess Ashraf.

Again, compensation for the huge U.S. embassy compound in Tehran and about 30 other American Government properties in the Iranian capital still looks a remote possibility. The Swiss have been negotiating for this on behalf of the U.S. but have met endless prevarications from the Iranians.

Meanwhile for those involved at a lesser level, to pass an apt verdict from another context, last week's agreement at The Hague looks less like the end of the story or even the beginning of the end, though it is perhaps the end of the beginning.

MEN AND MATTERS

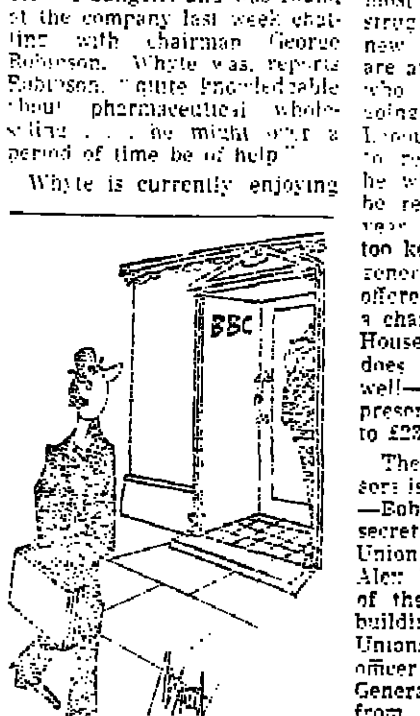
Whyte tie

Gallaher clearly enjoyed the rough-and-tumble of its take-over battle for Ofrex, so much so that it is back on the acquisition front with a considerably less fraught purchase of the optical division of Sangers. The American-controlled tobacco group will merge the division into its Dollond and Aitchison subsidiary while Sangers will use the £5.7m put up so price to reduce bank borrowings and spruce up its balance sheet.

The stripped-down Sangers is now dominated by the pharmaceutical interests by which veteran financier Tom Whyte sets so much store. The former chairman of the crashed Triumph Investment Trust—known irreverently as TITs in its early-seventies heydays—holds together with other old acquaintances almost 18 per cent of Sangers, and was round at the company last week chatting with chairman George Robinson. Whyte was, reports Robinson, "quite knowledgeable about pharmaceutical wholesaling . . . he might over a period of time be of help."

Whyte is currently enjoying a musical break in Salzburg, but his London representative repeated yesterday that his hopes for Sangers lie in recovery on the pharmaceutical side.

Gallaher, meanwhile, gets for its £5.7m a chain which never quite yielded the economies of scale which Sangers had sought. The former parent got into the business four years ago, and expanded on the theory that the division would make decent profits when it reached 100 shops. It didn't, a circumstance which Robinson attributes to bad publicity about opticians' prices in general and recession sending myopic shoppers down-market for their specs.



"Pss't care to give the Dimbleby Lectures?"

Party piece

While the battle for the deputy leadership occupies centre-stage as the Labour Party's most publicised succession-struggle, staff at the party's new Southwark headquarters are at least as concerned about who their own next boss is going to be. For Ron Hayward, Labour's general secretary, has to retire by next June when he will be 65. He is said to be reluctant to end his nine-year run in the job, and none too keen on the one sweetener generally reckoned to be offered those leaving the post—a chance to don ermine in the House of Lords. The Lords does not even pay quite so well—the general secretary's present £22,000 a year goes up to £23,300 in January.

The slate of possible successors is dominated by union men—Bob Wright, assistant general secretary of the Amalgamated Union of Engineering Workers; Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions; Ronald Todd, a national officer of the Transport and General Workers Union; and from a different discipline Richard Clements, editor of the Tribune newspaper.

But there is also now reckoned to be an outside chance of a woman's taking over yet another hitherto historically male political preserve. The two names most often heard around the dinner tables at which such matters are discussed are Dianne Hayter, general secretary of the Fabian Society, and Helen Liddell, the general secretary of the Scottish Labour Party.

Both Hayter and Liddell are rising stars in their early 30s, and their backers say that the Labour Party needs a chief executive with experience in political fieldwork rather than worthies steeped in trades union affairs.

Hayter is probably the keener of the two to get the job. She made her way into Who's Who in her mid-20s, and has been Fabian general secretary for five years. Very much in the Fabian grande dame tradition with a passion for organisation, she works a 12-hour day much of which has been devoted over the last six months to holding the group together through the schisms caused by the emergence of the Social Democrats.

Liddell has been general secretary of the Scottish Labour Party for four years, and had previously worked for the BBC. She too is widely respected as an organiser, though family commitments in Scotland would probably make her slightly less excited than Hayter about the chance of moving office to South London.

Red-eyed

A new TUC campaign against the cuts was launched in Edinburgh yesterday by Alan Sapper, general secretary of the Association of Cinematograph, Television and Allied Technicians. But it is not, as one might have supposed in the light of yesterday's unemployment figures, a campaign against the axing of jobs; but against the cuts made in the presentation of trades union affairs on television.

Sapper told the Edinburgh International Television Festival that trades unionists will be asked to devote more of their time and attention to TV-watching to discern what he calls "a profile of perceived bias"—against, of course, the unions.

Journalists themselves were not to blame, said Sapper, so much as editors. And Tony Benn, he continued, was a particular victim of bias. "Cuts are always made in anything he says on TV, and Tony Benn is often scandalised by those cuts," claimed Sapper.

A forcible counterblast came from Jeremy Isaacs, chief executive of the fledgling Fourth Channel, who argued that Benn was not so much a victim as the best manipulator of television in Britain today, a figure who, claimed Isaacs, refused to go on any programme except on his own terms.

So, the battle lines are drawn up for the monitoring of the small screen. Now, I wonder if there is a way to persuade the profilers of bias to become similarly dedicated consumers of the quality press?

Making waves

At last, a club which I want to join—though whether it would have me as a member is another matter. The radar complex to be opened in Kiruna, Sweden today by King Carl XVI Gustav will be run, I learn, by the "European Incoherent Scatter Association."

Solidarity

So fraught are the times in Poland that what follows apparently qualifies as a highly amusing joke:

A man, walking home late at night, was stopped by a belligerent policeman. "What," demanded the policeman, "do you think of our Government?" The man paused nervously, before giving what he thought to be a suitably innocuous answer. "The same as you comrade," he said. "In that case," replied the policeman, "I shall have to arrest you."

Observer

Kenneth Gooding, Motor Industry Correspondent, reports on how General Motors is putting together its $5bn version of the 'world car'

The J car: GM's global jigsaw

GENERAL MOTORS' competitors are watching with more than usual interest to see if the world's largest automotive group can make its latest project, the "world car," work. Today the industry gets it first view of the European version of the vehicle, designated the J car.

GM has backed the J-car project with $5bn of capital investment. It is a business concept rather than a specific car. Interchangeable components will be produced in GM plants around the world and used as building blocks for assembly elsewhere.

Versions of the car will be produced in eight countries: the U.S., Canada, West Germany, Belgium, the UK, Australia, Brazil, South Africa, and Japan.

The J car is already on sale in North America where output will rise to 1.2m by the end of the year. All the GM makes, Buick, Chevrolet, Cadillac, Oldsmobile and Pontiac will have their own versions.

Four car plants in the U.S. and one in Canada will be turning out J cars by 1982.

In Europe, Opel will produce an annual 320,000 at plants in West Germany and Belgium and will call them Asconas. They will send 60,000 kits to the UK for Vauxhall to assemble them as Cavaliers.

J cars will also be assembled at plants in Australia by GM-Holden; by GM do Brazil; in Japan by Isuzu at the rate of 350,000 a year, and by GM in South Africa.

By sharing the engineering effort among its subsidiaries in all these countries, GM has been able to provide cars which Australia, South Africa and Brazil could not have afforded to have developed individually.

GM has been able to set up new facilities to produce engines and transmissions for the J car at the maximum economic rate. Both Australia and Brazil have installed plants to make 300,000 engines a year. This is much more than each country needs, but they will export about two thirds of their output to other GM companies.

Not only does Australia get 100,000 new-technology engines a year at a 300,000-a-year price, but the exports can be matched dollar for dollar with imports thus allowing GM to send in low-cost Japanese components for the Australian J car.

About one third of the Australian version will be Japanese, about one third made-in-Australia and about one third American.

Similarly, in Brazil where GM engine exports will allow it to import other products, including built-up cars, on a dollar-for-dollar basis.

In Europe Opel has its own 300,000-a-year engine plant but that leaves it short of capacity because the engines will be used in other cars apart from the new Ascona/Cavalier range, so Australian engines will fill the gap.

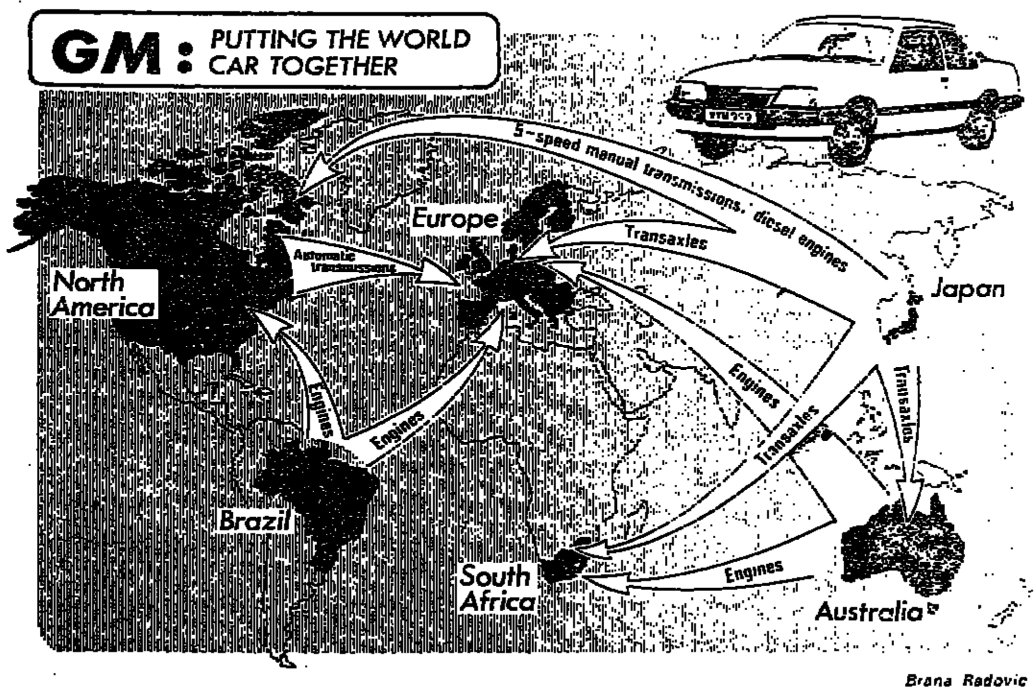
In North America Brazilian engines will fill a capacity gap and a market niche. They will be built to a modified Opel design.

GM has been able to harness the cost-effectiveness of the Japanese by including Isuzu, sixth largest of the Japanese vehicle producers, in the J car project.

Isuzu, of which GM owns 34 per cent, is being treated as a supplier while GM is selling technology — mainly Opel's — to Isuzu so that it can produce its own J car for the Far East.

This arrangement, however, is highly controversial because Isuzu will supply every trans-axle (front-wheel-drive transmission) used in all J cars assembled outside North America, which means all the European cars will incorporate Japanese-made transaxles — a high-cost, key component.

Isuzu was awarded the trans-axle contract mainly on cost grounds even though GM subsidiaries like Opel, Chevrolet and GM do Brazil have the capability to produce them.



Brana Radovic

Isuzu will also provide some five-speed manual transmissions and diesel engines for the U.S. American automatic transmissions will be sent to Europe. The demand for them in cars of the J size is too low to warrant Opel setting up its own production facility.

The objective of GM's J car project is to achieve economies of scale necessary to keep ahead in the highly competitive world market place. Mr Roger Smith, GM's chairman, points out that there is really no such thing as the world car.

"Local government regulations and local content requirements prevent any manufacturer from producing a true 'world car'—that is an identical vehicle produced in many countries. "An even greater road block is the customer whose tastes and preferences vary from country to country.

"But we can produce a worldwide family of cars that have similar external dimensions and significant elements of common design. This saves engineering and development duplication.

"We can produce cars that can accommodate many interchangeable parts and components. We can produce these items at high volumes where it is attractive to do so and use them like building blocks in assembling cars elsewhere.

"In this way we can disperse out sourcing geographically to best help trade-balance considerations," he says.

The decision to go ahead with the car project was taken in August 1977 and by the October 200 people had begun work on it.

The major incentive for GM was that it needed a new range of smaller, more fuel-efficient cars to meet the U.S. Government's corporate average fuel economy (CAFE) standards legislated for in 1975.

This fuel-consumption objective was one of the few which did not change throughout the J car development. It was closely monitored and GM says it exceeded the targeted improvement.

It seemed reasonable in theory that, if the U.S. cars were to be similar in size as those sold in the rest of the world, there were possibilities for sharing components and the cost of producing them among GM's subsidiaries outside North America.

But almost as soon as the engineers from around GM's world began to compare notes at the J car project centre in Warren, Michigan, it became clear that the desire for common components clashed with two other essential factors.

First, in the two main markets—the U.S and Europe—the type of cars required, apart from size, were entirely different. It made little sense, for example, to build the capability into the European cars to accept air conditioning or power steering, hardly ever demanded in cars of the size proposed. Yet these options were essential for marketing success in the U.S.

GM has never lost sight of the fact that what it is selling is a high-priced consumer durable in a highly competitive market. It is essential that J cars produced in individual markets should be tailored exactly for those markets.

Second, both GM in the U.S. and its Opel subsidiary in Europe had huge sums tied up in manufacturing plant. It made no sense to shut down perfectly adequate existing facilities.

For example, GM was tooled up to make a steering column which meets the U.S. standards, which goes into all its cars and which it had no intention of changing for some years. Opel had its own, European-style, steering column, so it was decided to make the J car accept both columns instead of shutting down one of the plants to increase economies of scale.

The result is that not one single component (apart from nuts and bolts) will fit J cars made in North America and those made elsewhere. With the J car GM has had to go for compatibility rather than commonality of components.

The compatibility covers engines, transmissions, front and rear suspensions and front end panels, but it would be possible, if required, to put together in one assembly plant an Opel front end, a Holden rear end, American suspensions and drop in an Isuzu transmission coupled with a Brazilian engine — with some engineering modifications.

This gives GM enormous flexibility at a time when it is very difficult to predict at what level demand for cars of the J's size will settle in various markets.

GM admits the J car project did not further the distribution of responsibilities and load sharing among its U.S. operating companies. Fisher Body took care of the design of the U.S. J cars, Chevrolet worked on the front end, Pontiac on the rear suspension and air conditioning, Oldsmobile did the steering and fuel tank, Buick the automatic transmission, brakes and exhaust systems while the component division designed certain components. All the cars are assembled in the U.S. by General Motors Assembly Division (GMAD).

All this would have happened even with a car developed solely for the U.S. because that is the way GM has operated for some years.

However it was Opel, which provided the concept on which the J car was based and had responsibility for developing vehicles for all non-North American markets.

Opel insisted that the same type of machinery be used to produce the new engines in Australia and Brazil as well as in its own £100m plant at Kaiserslauten in Germany.

This was to make sure engines are completely interchangeable. The Brazilian plant, already in production, is supplying engines to Europe for the Ascona/Cavalier start-up period until the Australian plant comes fully on stream at the end of 1981.

The U.S. decided it wanted a different engine using lower technology and less-expensive to manufacture. The J car design had to take account of that too. But the Opel engine, made in Brazil, will go into about 100,000 U.S. J cars a year for the relatively few Americans who are willing to pay for the extra performance.

Ultimately, as GM reduces the size of its U.S. cars, more components should be compatible. GM has a major component manufacturing expansion programme in Europe for such things as long-life batteries, seat belts, and body trim and this should add to the percentage Opel buys in-house from GM.

However, Opel aims to leave at least 25 per cent of its component business with outside suppliers.

The J car will be the last "world car" from either of the U.S.-based multinationals for several years.

Ford, when considering the next size up from their "world car", the Escort, decided that Europe and the U.S. must go their own ways. Ford in Europe needs a rear-wheel-drive model to replace the Cortina Taunus. Ford U.S. opted for a front-wheel-drive car of the same size, so there can be no compatibility or commonality. In the Asia-Pacific region Ford's dealer network will get its car from Toyo Kogyo, the Mazda company in which Ford has a 25 per cent shareholding.

GM, too, has decided that the small car it is to build in Spain—called the S car and which from 1983 will compete in Europe with BL's Metro, Ford's Fiesta and Volkswagen's Polo — will be too small for the U.S. market and has shelved the project there. Instead, GM might sell a small car provided by Suzuki of Japan in which it is to take a 5 per cent share to cement trading links.

Letters to the Editor

Wealth creating sectors

From the Business Advisory Officer, Merseyside Chamber of Commerce and Industry

Sir,—I followed with great interest the correspondence on enterprise zones and this chamber has also made representations to Government on some problems which it could foresee inside and outside these zones. The experiment however has only just started. It would be unwise to focus on the problems which become apparent fairly quickly, against benefits which will be seen only after a year or two.

We don't believe that rents and property values outside the enterprise zone will remain low relative to the quality of the property. I suspect that rents within the zone, particularly on newly developed property will be fairly high, thus discounting some of the advantages.

I must also comment on Mr Brookfield's assertions (August 19) that the service sector is not wealth creating. Far from it. The service sector consists of a very wide spectrum, with activities from the professional end to those companies whose activities are producing components for the manufacturing sector.

We continue to point out to Government that this sector should be sub-divided. That part of the sector, which is manufacturing in a supportive role should be entitled to a different form of grant than those *presently available under* Section 7 of the Industry Act. These companies buy the same machinery as those they support, *i.e.* the manufacturing sector, and, more often than not, they even use them more effectively in their limited field of activity. This is reflected in their pricing structure and makes the use of their service valuable to the so called "manufacturing sector."

Surely no one could deny that a company which specialises in providing a scientific and testing service, and purchases very specialised and expensive equipment, is likely to use that investment more intensively than the same equipment bought for a laboratory of a manufacturing company, where the equipment may only be used occasionally. Or what about those companies that service manufacturers so splendidly by rewinding and refurbishing their electric motors over-night in order to ensure that the production can start again next day. They use the same machinery and equipment as the motor manufacturers would use. The only difference is that they make use of "secondhand" laminations and castings.

Surely both of these examples are as much a part of the wealth creating process as that of manufacturers, and we are the only country in Europe that treats this segment of the service sector with scant regard.

T. A. Brooke.
Merseyside Chamber of Commerce and Industry,
1 Old Hall Street, Liverpool.

Enterprise zones

From the Chairman, Enterprise Zone Action Group.

Sir, — Mr R. Evans (August 21) clearly misunderstands the nature of wealth creation, as does the Department of Environment whose gospel he appears to be preaching. It is not that service industries do not create wealth but that they depend on industrial end consumer demand for their success. A healthy industrial sector and a buoyant consumer market will result in an increased demand for services, such as warehousing, etc., and, conversely, the effects of recession in manufacturing and reduction in disposable income will minimise expansion of the service economy. Marks and Spencer and other stores may well be part of the nation's wealth, but they are far larger contributors when they sell British goods both at home and abroad.

It is therefore quite ludicrous to subsidise service industries at the expense of existing manufacturers; state-subsidised profits are not wealth. In Trafford Park we have lost regional development grant intermediate status and seen the value of properties outside the zones further reduced as a direct result of the enterprise zone scheme by 30-50 per cent in one year. As the rates increase in proportion to fixed-rental agreements, the fall in values could reach 70 per cent. This is an absolute destimulus to peripheral freeholders to modernise their premises and the resulting fall in real value of assets reduces their ability to raise finance for plant and product development.

In the meantime we are obliged, as manufacturers, to contend with excessively high energy costs which permeate through the whole industrial structure. This in itself is one fundamental reason for the nation's lack of competitivity in foreign markets. It would be interesting to ascertain how many jobs have been lost as a direct result of central government pricing policies (achieved through external financing limits) and the effect of this on the public sector borrowing requirement. This issue is more acute when taking into account the fact that the fall in demand for energy is in itself a motivator of increased prices to reduce losses and borrowing levels.

At the inauguration of this group, Mr Winston Churchill, MP, was honest enough to suggest that the Chancellor must have "dreamt up the scheme in his bath." If this is true I am surprised that he didn't drown, since he was quite obviously sound asleep.

Roger Caplan.
Charlotte House,
10, Charlotte Street, Manchester.

The Companies Bill

From the Head of Technical Advisory and External Affairs Department, Institute of Credit Management.

Sir,—Mr Bushby of the Association of Independent Businesses (August 15) appears to confirm by his arguments what Mr Pakenham-Walsh suggested in his earlier letter (August 7)—that the confidentiality argument is overdone when discussing the amount of accounting information which should be disclosed by small companies. Mr Bushby suggests that a large company could force a smaller company to trade on its terms if it had information which would allow it to estimate the profit margin of the small company. Surely the remedy for this kind of behaviour, if it should occur and if it became oppressive, lies in existing legislation governing fair trading.

Small companies often depend on the credit given to them by their suppliers for their continued existence and suppliers are unlikely to grant credit facilities unless they have sufficient information on which to make a judgment. If information has to be obtained from the small buying company because it is not publicly available, this will take time and the resultant delay may damage the small company's business.

Mr Bushby also suggests that personal guarantees could be given by small companies (presumably by the directors) if suppliers were not satisfied with information made available to them. One wonders how often this would occur since one of the reasons for creating a limited company is to limit the financial liability of the owners.

As Mr Bushby rightly says, the provisions in the Companies Bill for smaller companies to publish modified accounts are permissive and not mandatory. If the Bill is enacted in its present form, it is to be hoped that most of the companies will recognise that their interests would be better served if they continued with their present accounting arrangements.

E. L. Walker.
Institute of Credit Management,
39a, High Street Ascot, Berks.

Setting up in Wales

From the Commercial Director, Welsh Development Agency.

Sir, — Your report (August 17) in the New Entrepreneurs series, about help for small firms setting up in business in Wales did less than justice to the Welsh Development Agency.

Prospective tenants of WDA factories of up to 2,500 sq ft in size (our units start with workshops as small as 380 sq ft) now have the option of an "easy in-easy out" tenancy agreement, terminable at three months' notice from the tenant or six months' notice from the agency. This arrangement is designed to keep formalities to a minimum and to help business entrepreneurs to move into premises quickly and easily. If tenants wish it, they may choose the longer security of a five-year lease and by this means they may also obtain any rent-free concessions which may be available.

At the time Mr Sykes of PWS Precision Engineering, approached us, the Government guidelines within which the agency must operate in providing and leasing factories restricted the agency to offering leases for a minimum period of five years (not eight years, as stated in your report) and Mr Sykes was offered a one-year rent-free period.

In the case of TCK Rewinds, there was some early doubt about whether the company's activities qualified it for an advance factory within our guidelines, but this was resolved in discussion. The company was, in fact, allocated a 1,500 sq ft factory at Sirhowy, Tredegar, in September 1979, although it subsequently withdrew its application.

I must question Mr Jenkins's recollection that it was seriously suggested that in order to obtain one of our factories, he should first move his business to Hereford. No one involved here recalls anything that could have been so interpreted.

We are in business to get business into Wales and to help it to expand here, not to ship it out elsewhere. Our growing list of tenants — now standing at 700 — confirms that.

D. J. Clowes.
Treforest Industrial Estate, Pontypridd, Mid Glamorgan.

Industrial tariffs

From the Chairman and Managing Director, Yorkshire Engineering Supplies

Sir,—The reply to my letter by Mr Gordon May, secretary of British Gas Corporation (August 14), appears to be yet another attempt to mislead. He makes no effort to explain how the two statements relative to the Chancellor of the Exchequer's speech, namely: "British Gas Corporation will hold the prices at which they renew industrial contracts at present levels until December 1981" and "Renewal prices for all gas purchased on contract by industrial consumers will be held at present levels until December 1, 1981." — can possibly be interpreted as meaning the price per therm in April 1981 will be 16.3 per cent more than in March 1981.

I am indebted to Mr May for informing me the "average" price of industrial gas was 18.8p per therm for the year ending March 1981, an increase of 33 per cent on the previous year compared with the 45 per cent my company had to bear. In March 1974 our industrial tariff price was 5.4p per therm. In *April 1981 it was 29.3p per* therm—5.44 times what it was eight years ago.

Bearing these two facts in mind and observing an inflation rate of 15 per cent per annum, (I use this as a much quoted figure) which only doubles prices over five years and trebles them over eight, it suggests the greed of the Exchequer or the British Gas Corporation or some gross inefficiency is responsible.

If the Chancellor meant, in his Budget speech, that renewal of industrial gas contract prices between April 1 and December 1, 1981 was to be at 29.3p per therm, why didn't he say so? Who is responsible for misleading the nation? Is it the British Gas Corporation, the Department of Energy or the Cancellor himself?

If 16.3 per cent increase was what the Chancellor intended, is this the kind of help he intends to give British private manufacturing industry — the main revenue-maker for the country? How does the Chancellor — or for that matter the Department of Energy — reconcile all this with their much publicised policy of helping manufacturers and small businesses?

Can the present industrial gas contracting system be justified, whereby inflated tariff rates apply and yet restrictive clauses on consumption and terms of payment are still imposed? (Mr May made not attempt to justify this.)

Negas now informs me that my domestic gas bill for the current year is being increased by 20 per cent. If this is average added to the industrial tariff increase, what does British Gas Corporation anticipate its budgeted additional turnover to be for the year ending March, 1982? No doubt the increase will be somewhere in the region of £1bn this year.

Brian R. Higgins.
Upper Wortley Road, Leeds.

Today's Events

GENERAL

UK: British Telecom publishes annual report and accounts.

Slimmer of the Year Award, Savoy Hotel, Strand.

Miss UK 1981, Grosvenor House, Park Lane.

Sculpture for the Blind Exhibition opens at Tate Gallery, Millbank (until November 1).

Ideal Home and Trades Exhibition opens, Pontypool Leisure Centre (until August 19).

Overseas: Mr Neil Macfarlane, Parliamentary Under Secretary for Science, attends inauguration by King Carl Gustav of Sweden of a radar complex at Kiruna for studying the ionosphere.

COMPANY MEETINGS

Philip Harris, Penns Hall Hotel, Walmley, Sutton Coldfield, 12.00. Wiggins Construction, The Royal Automobile Club, Pall Mall, SW, 12.00.

COMPANY RESULTS

Final dividends: Associated Dairies Group, Hanover Investments (Holdings), Moran Tea Holdings, Victor Products (Wallsend). **Interim dividends:** A1 Industrial Products, Blue Circle Industries, British Assets Trust, Comben Group, London Brick, Pearl Assurance, Thomas Robinson and Son, Slough Estates, A. G. Stanley Holdings. **Interim dividends:** New Darien Oil Trust

LUNCHTIME MUSIC, London

Concert by Oom Pah Band, Finsbury Circus Gardens, 12.00.

Piano recital by Raenelda Mackie, St Lawrence Jewry, Gresham Street, 1.00 pm.

Recital by West Wind—Jeremy Polmear (oboe and saxaphone), Roger Cawkwell (clarinet and saxaphone), and Diana Ambache (piano and cello), St Olave, 1.05 pm.

Organ recital by John Taylor, St Bride's, Fleet Street, 1.15 pm.

Duo Antica, St Martin-within-Ludgate, 1.15 pm.

LASMO soars to £55m and paying 4p interim

FIRST HALF 1981 taxable profits of London and Scottish Marine Oil Company have surged ahead from £20.36m to £55.03m and as expected the company, which is engaged in oil and gas exploration and development, is paying an interim dividend. The payment of 4p per share is the first since its incorporation 10 years ago.

The company expects to recommend a final of 6p per share when the results for the year are announced next March. Pre-tax profits for 1980 totalled £47.28m.

Excluding "make-up oil," first-half sales jumped from £48.92m to £109.4m, while operating profits were doubled at £66.1m. Interest charge was down from £10.26m to £6.46m and there was a provision of £4.6m (£2.4m) for payment on the oil production stock.

Tax was significantly higher at £37.59m (£11.03m), but after including net profit of £5.8m this time from the sale of make-up oil, the after-tax surplus came through at £23.24m, compared with £9.33m. There was also an unrealised exchange profit of £394,000 (£201,000 loss).

Stated earnings per 25p share climbed from 12.7p to 31.7p.

The company is now bearing the burden of the increased tax charges introduced by the Chancellor with effect from January 1, 1981. Provision for UK tax for the half year by way of Government Royalty, Supplementary Petroleum Duty and Petroleum Revenue Tax amounted to £59.3m. This represented 71.9 per cent of the group's UK profits before tax and royalties, including that from make-up oil.

The company reports that in the Hewett Field, the British Gas Corporation has reduced its offtake from the field to an average of 458m cubic feet per day for the half year, because of the lack of demand caused by the recession and a mild winter. The annual average for 1980 was 634m cubic feet per day.

However, under the provisions of the sales contract with British Gas, the Hewett Partners have made a claim to seek a higher gas price.

The company's interest in the Ninian Field has been increased from 7.8 per cent to 9.3 per cent and the company's lifting from January 1, 1981 reflects this increased entitlement.

In addition, because the increased entitlement is retrospective to the start of Ninian production, the company is entitled to lift this year an additional 2.1m barrels of crude oil in respect of 1979 and 1980: nearly three-quarters of this has been lifted in the first six months. This additional lifting, or make-up oil, is therefore shown separately in the accounts because of its unusual nature.

Current cost results show a pre-tax profit of £52.5m (£19.1m). The after-tax figure was £14.9m (£8m), but including the CCA net surplus of £5.6m from the sale of the make-up oil, the 1981 net result increased to £20.5m.

On prospects for the rest of the year, the company says that Ninian production in the second six months is expected to be broadly in line with the first half, but with the contribution from make-up oil being less, as the bulk has already been taken up.

Average Ninian production for the half year was 293,000 barrels per day, against 231,000 in 1980.

Group sales for the half year totalled 7.4m barrels of crude oil, including make-up oil of 1.5m barrels and 3.8bn cu ft of gas.

LASMO's Ninian crude oil is sold under term contracts. The term price, which governs these contracts, was increased on January 1 to $38.95 per barrel, but on June 15, under pressure from the current supply surplus, the price was reduced to $34.70 per barrel.

This reduction, however, was more than compensated by the increase in the value of the dollar against the pound and the sterling received for a barrel of Ninian crude oil was over 10 per cent greater at the end of June than it was in January.

On LASMO's exploration side, two further onshore exploration licences covering 765 sq km between Reading and Swindon were awarded to a consortium in which the company has a 35 per cent interest. LASMO will be the operator for any drilling or production on these licences.

In offshore drilling, five wells in which the company had an interest were completed in the first half of 1981 and all of these were successful.

Offshore the Netherlands drilling is about to commence on Block F/8, where the group is acting as operator for an international consortium. The group's interest in this licence has been increased to 50 per cent.

In onshore drilling LASMO, as operator of a consortium, recently drilled its first exploration well on a licence south-east of Edinburgh. The well encountered petroleum but extensive testing indicated that it could not be produced at this site. The information obtained, however, will be used to plan further expansion drilling in this area.

Appraisal and development studies are continuing on the company's three major areas for future production — South Ninian, T Block and Andrew. But no decisions on the development of these fields are likely to be taken until the future system of UK oil taxation has been determined.

With regard to the oil production stock payment, the company explains that the exact amount of distribution in respect of the six months to June 30, 1981, cannot be determined until precise operating costs incurred in extracting Ninian oil and conveying it to the terminal at Sullom Voe are known.

These costs have been estimated where their exact amount has not yet been determined, but it is expected that the actual payment will be declared on September 22 and made on October 30 this year.

The estimated amount payable in respect of the six months is equivalent to a net payment of 81.6p per unit, after deducting ACT, or 116.6p gross. Of this amount, 20.3p per unit net or 29p gross is in respect of make-up oil.

See Lex

ML Holdings ahead at £1.14m

TAXABLE PROFITS of M.L. Holdings moved ahead from £1.03m to £1.14m in the year to March 31 1981 on higher turnover of £25.59m compared with £19.8m.

At the half year stage this engineering group had already advanced to pre-tax profits of £442,247 (£374,378) and turnover stood at £12.41m (£8.88m).

The final dividend is being maintained at 5p net per 25p share making a same again total of 7p. The earnings per share are stated at 31.05p (37.28p).

Mr Ralph Price, chairman, says that overall the group is weathering the economic storm and continues to modernise its facilities to take full advantage of an upturn in the economy.

Tax for the year took £138,000 (£43,000 credit) and attributable profits emerged at £915,000 (£1.07m) after extraordinary debits of £90,000 (nil) which relate to the closure of the mechanical division of M.L. Engineering (Plymouth).

A surplus of £291,445 arising from a professional valuation of the group's freehold property at White Waltham—acquired during the year—has been credited direct to reserves.

● comment

ML Holdings is in the sexy business of defence work where details may be hush-hush but the market awards a pretty glamorous rating. After yesterday's 8p rise to 318p the shares stand on a fully taxed p/e on average capital of 17½p. But ML has been brought down to a modest profits advance by piano frames. Its Crown foundry knocked up losses in 1981-82 probably nearly three times the previous year's £100,000. Thankfully the worst is over and a recovery in piano frame manufacture and other foundry work should help the rest of the business produce the sort of overall return looked for by the market rating. ML is heavily involved with the MoD (defence work is two-thirds of group business) and if anything the criticism must be that the company is not fully exploiting its know-how potential in overseas orders. Looking forward defence manufacturing ultimately relies on defence design orders from the MoD. These have been waning and there will be a knock-on effect in a few years unless ML finds new markets. The in-house ambition is to drive more of its technical ability towards electronic signalling equipment where the potential order book is clearly much wider than the British Rail base at present.

Fife Forge expansion at midway

FOR THE half-year ended June 30 1981 the Fife Forge Company has shown substantial growth in turnover and profit. And the directors are stepping up the interim dividend.

Turnover of the group, whose principal activity is marine and general engineering, rose from £3.87m to £5.02m, and the profit expanded by £173,576 to £374,741. Tax will require £194,865 (£96,565).

The interim dividend is 1.3p net, compared with 1p. For the whole of 1980 total payment was 4p from profits of £502,000, before an extraordinary debit.

Bids and Deals and Mining, Page 22

TraveLodge up in third quarter

THIRD-QUARTER net income of TraveLodge International, a U.S. subsidiary of Trusthouse Forte, rose from $1.99m to $2.57m, or from $0.93 to $1.2 per share. Revenues increased to $24.37m, against $22.36m last time.

Last year's figures exclude a gain in the third quarter on the sale of an hotel of $0.77m in revenues, $369,000 in net income or $0.17 per share.

For the nine months to July 31 1981, excluding the hotel sale figures, net income was little changed at $4.56m ($4.58m) representing an unchanged $2.13 per share. Revenues improved from $61.61m to $63.34m.

The company says the buoyant trend in auto travel which appeared in the latter part of the second quarter, continued through the third quarter and into the opening weeks of the fourth.

DRAYTON FAR EASTERN TRUST

The board of Drayton Far Eastern Trust state that the net asset value per ordinary share as at August 14 1981 on which the price for the rights issue announced on August 7 was based was 101p. The issue price of each combined unit (comprising eight new ordinary shares and three warrants) was calculated at eight times the net asset value of an existing ordinary share. The net proceeds of the issue will be approximately £4.65m.

Queen's Moat advances to record £0.5m half way

TAXABLE PROFITS of Queens Moat Houses advanced from £471,000 to a record £504,000 in the period January 1 to July 12 1981, on increased turnover of £7.75m compared with £6.64m.

The interim dividend of this hotel, restaurant and catering group is being raised by 40 per cent to 0.55p net per 5p share—after taking account of a two-for-five scrip issue. In 1980 a total of 0.7857p (adjusted) was paid. Earnings per share are stated at 1.6p (1.65p adjusted).

Mr John Bairstow, chairman, says these results are satisfactory given the current economic conditions and they emphasise the group's decision to concentrate on hotels with appropriate facilities for commercial markets.

He says the group is well placed to participate in any economic recovery, but that even under the present conditions the directors feel that it can continue to progress.

As already known the group expanded during the half year with the addition of the Stevenage Moat House, the Hereford Moat House, the freehold of the Hertfordshire Moat House, the freehold of the Elstree Moat House and the 50 per cent share not previously owned in the company holding the Bournemouth Moat House.

It has also started the new wing at the Woodford Moat House, and disposed of the Chateau Impney Hotel—a difficult but sensible decision, which is already serving to benefit the group, Mr Bairstow says.

The group has negotiated a further purchase to be announced in due course and is actively considering other potential acquisitions, he adds.

Taxable profits were struck after rent payable of £367,000 (£362,000) and interest payable of £555,000 (£274,000). There was no tax provision because of the availability of capital allowances.

Currently the group operates 23 hotels, a majority of them freehold, with 1,464 bedrooms. It also has five restaurants, public houses and banqueting suites.

● comment

Given trading conditions in the hotel industry, Queens Moat Houses has turned in a good set of figures. But QMH is not an ordinary hotel chain; it decided a few years ago to insulate itself from the tourist trade by adopting a "commercial hotels only" policy. Thus, the big money is earned from business conventions and banqueting trade. The group has shown steady growth over the past five years and should make a pre-tax this year of a little above £1m, suggesting a fully taxed p/e in the 20-plus range. The group, however, has secured a number of capital allowances on hotel acquisitions which drastically reduce its taxation (and earnings multiple). QMH now has 23 hotels (19 freehold) and is just concluding negotiations on a £750,000 purchase in Hemel Hempstead. The company's balance sheet is in fine health and there is a cash balance of around £2.5m, bringing net borrowings down to around the £2.5m mark. On a maintained total net dividend of 1.1p the prospective yield is just below 5 per cent.

Charterhouse Pet. £5.2m midway

INCLUDING interest received of £1.88m, against only £7,000, pre-tax profit of Charterhouse Petroleum, the oil and gas exploration and production group, was £5.24m for the six months ended June 30 1981, compared with £3.49m. Turnover increased from £7.33m to £8.91m.

Comparative figures are those set out in the July 1980 offer for sale prospectus, at which time a material reconstruction of the balance sheet was affected.

The directors explain that higher revenues from the Thistle Field pushed up oil production profit, before supplementary petroleum duty, by 20 per cent to £5.58m.

Production from the Thistle Field averaged 120,000 barrels per day, during the first six months, but because of a production shutdown for planned maintenance purposes, and to the adjustment of the company's current oil overlift position, sales of crude oil are expected to be lower in volume in the second half, compared with those of the first.

Above the line, the recently-introduced supplementary petroleum duty took £1.46m (nil), exploration costs were £409,000 (£123,000), associate losses amounted to £44,000 (nil) and interest payable was £300,000 against £1.04m.

After petroleum revenue tax, up from £1.33m to £2.08m, corporation tax of £1.84m (£1.18m), and an exchange loss of £167,000 (£378,000 gain), the attributable balance came through behind at £1.16m, compared with £1.35m.

An interim dividend of 0.25p net per share is announced, and the directors intend to recommend a final payment of 0.5p—the same level as was paid for last year.

Earnings per share are shown as 1.66p against 1.21p, and Government royalty, duty and taxes per share are given as 7.84p (4.04p).

In the North Sea the company made a significant oil discovery in Block 20/2, in which it has a 9.8 per cent interest. Well 20/2-1 was tested at a stabilised rate of 4,360 barrels per day and a new seismic survey is being carried out to evaluate further this and other structures in the area prior to commencing an appraisal drilling programme.

North of the Thistle Field, well 211/18a-22 was tested at rates up to 4,850 barrels per day, and has enhanced the prospects for the field, known as "Area 12," in which the company has a 1 per cent interest. Further appraisal drilling is scheduled for 1982.

Seismic surveys are being carried out in the group's new Seventh Round licences and drilling is programmed to commence in 1982. Well 13/19-2, in which the company had an 8.5 per cent interest, was dry.

In May Charterhouse was awarded a 13 per cent interest in a 450,000 acre concession offshore Abu Dhabi. Preliminary surveys have been completed and a detailed seismic survey is scheduled to start in October.

CROWN DECORATIVE/ IWPM (HOLDINGS)

As at 3.30 pm August 21 acceptances of Crown Decorative Products recommended offer for IWPM (Holdings) had been received in respect of 140,519 ordinary shares and 33,399 preference shares, 82.8 per cent and 95.4 per cent of the issued share capital of IWPM for which the offers were made.

Full quote in London for Fujitsu

Fujitsu, Japan's largest manufacturer of mainframe computers and data communication equipment—sales last year were Y694bn (£1.6bn)—is seeking a London listing for its shares. It is planned to take place September 30 and dealings are expected to commence the following day.

Fujitsu is currently listed on the Frankfurt stock exchange and its $80m convertible bond issue this May was listed in London as a prelude to obtaining a listing for the shares. The company has been increasing business in Europe, including plants in Spain and Ireland, was one reason for the new listing.

Fujitsu is one of [illegible] companies to benefit from a liberalisation of Japan's foreign exchange laws last December. The proportion of its equity which could be held by foreigners was previously restricted to 25 per cent.

The cost of arranging the listing will be in the region of £100,000, and it is being sponsored by Kleinwort, Benson, and the Nikko Securities Company (Europe). Hoare Govett are the brokers.

MERCANTILE HSE. ACCEPTANCES

Acceptances have been received in respect of [illegible] new Mercantile House [illegible] ordinary shares, representing some 97.7 per cent of the number of shares offered by way of rights.

Shares not taken up have been sold in the market and the proceeds, amounting to 137.6p per share, will be remitted to the provisional allottees entitled to their holdings.

SPAIN

August 25	
Banco Bilbao	[illegible]
Banco Central	[illegible]
Banco Exterior	[illegible]
Banco Hispano	[illegible]
Banco Ind. Cat.	[illegible]
Banco Santander	[illegible]
Banco Urquijo	[illegible]
Banco Vizcaya	[illegible]
Banco Zaragoza	[illegible]
Dragados	[illegible]
Espanola Zinc	[illegible]
Fecsa	[illegible]
Gal. Preciados	[illegible]
Hidrola	[illegible]
Iberduero	[illegible]
Petroleos	[illegible]
Petroliber	[illegible]
Sogefisa	[illegible]
Telefonica	[illegible]
Union Elect.	[illegible]

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
American Trust Co. int.	0.7	Oct. 9	0.7	—	2.1
Charterhouse Pet. ... int.	0.25	Oct. 20	—	§	0.5¶
Crouch Group	3.33	Oct. 14	3.33	4.4	4.4
Robert M. Douglas	3.9	Oct. 8	3.4	5	4.5
Fairclough Const. ... int.	2	Jan. 4	1.65	—	4.5
Fife Forge .... int.	1.3	Oct. 1	1	—	4
Gaskell Broadloom int.	1	Oct. 1	1	—	3.5
Jos Holdings	2.35	Oct. 27	2.25	3.43	3.55‡
LASMO .... int ‖	4	Oct. 30	—	—	nil
M. L. Holdings	5	Oct. 2	5	7	7
Queens Moat .... int.	0.55	Oct. 8	0.39*	—	0.79*
Restmor	4.5	Oct. 15	3.5	5	4

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Included 0.30p special non-recurring. § Final of 0.5p forecast. ¶ For six months to December 31, 1980. ‖ 6p Final forecast.

LONDON TRADED OPTIONS

August 25, Total Contracts 2441. Calls 1723. Puts 718.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	300	22	—	34	10	46	2	314p
BP (c)	320	12	22	24	19	—	—	"
BP (c)	350	6	—	14	1	—	—	"
BP (p)	360	—	—	—	—	24	2	"
BP (p)	410	1½	2	3	—	—	—	"
BP (p)	300	12	2	17	—	23	—	"
BP (p)	320	24	—	27	2	—	—	"
CU (c)	130	56	160	—	—	—	—	163p
CU (c)	180	5	—	10	1	12	—	"
Cons. Gld (c)	420	90	—	103	—	115	1	501p
Cons. Gld (c)	460	58	1	75	—	90	—	"
Cons. Gld (c)	500	33	29	55	2	70	—	"
Cons. Gld (c)	550	13	—	55	8	45	—	"
Court'lds (c)	70	2	22	5½	20	7	—	61p
Court'lds (c)	80	½	—	2	5	—	—	"
GEC (c)	700	97	—	125	—	150	6	"
GEC (c)	800	23	—	55	1	82	—	"
Gr'd Met. (c)	180	17	3	28	7	—	—	193p
Gr'd Met. (c)	200	7	47	18	39	21	—	"
Gr'd Met. (c)	220	2	21	7	51	10	10	"
Gr'd Met. (p)	200	16	25	22	72	24	—	193p
Gr'd Met. (p)	220	32	—	34	—	35	97	"
ICI (c)	260	20	24	34	25	42	—	272p
ICI (c)	280	9	24	21	3	26	6	"
ICI (c)	300	3	15	11	5	16	—	"
ICI (c)	330	1	—	5	3	—	—	"
ICI (p)	260	6	28	11	—	17	4	272p
ICI (p)	280	17	29	20	2	25	6	"
ICI (p)	300	34	51	38	5	42	—	"
Land Sec. (c)	312	27	2	38	—	—	—	332p
Land Sec. (c)	336	13	20	24	—	—	—	"
Land Sec. (c)	360	—	—	—	—	20	20	"
Mks & Sp (c)	120	17	3	25	—	27	3	133p
Mks & Sp (c)	140	4½	12	8	—	15½	—	"
Shell (c)	360	24	2	42	—	52	1	376p
Shell (c)	390	14	3	22	2	32	—	"
Shell (c)	420	6	28	14	2	22	—	"
Shell (p)	360	14	5	18	—	22	1	"
Shell (p)	390	30	1	32	—	36	—	"
Shell (p)	420	52	3	54	1	58	—	"
		August		November		February		
Barclays (c)	420	33	12	48	—	65	—	453p
Barclays (c)	460	½	1	22	—	40	—	"
Imperial (c)	60	½	10	4	11	7	—	61p
Imperial (c)	70	¼	119	2	—	3	—	"
Imperial (c)	80	¼	29	½	—	1	—	"
Imperial (c)	90	¼	50	—	—	—	—	"
Lasmo (c)	550	27	20	74	—	104	—	579p
Lasmo (c)	600	1	29	47	2	77	1	"
Lasmo (c)	650	½	25	25	—	43	—	"
Lasmo (c)	700	¼	13	12	—	—	—	"
Lasmo (c)	750	¼	15	—	—	—	—	"
Lonrho (c)	90	½	13	4½	10	8½	76	88p
Lonrho (c)	100	¼	50	2	68	3½	—	"
Lonrho (c)	110	¼	4	¾	—	—	—	"
Lonrho (c)	120	¼	2	—	—	—	—	"
Lonrho (p)	90	3½	84	7½	24	9	—	88p
Lonrho (p)	100	14	2	17	4	19	60	"
P & O (c)	120	¼	2	5	9	9½	—	114p
P & O (c)	130	¼	13	1½	24	4½	—	"
P & O (c)	160	¼	12	¾	—	—	—	"
P & O (c)	180	¼	3	¼	—	—	—	"
Racal (c)	390	63	—	82	10	97	—	450p
Racal (c)	420	33	72	55	3	73	2	"
Racal (c)	460	1	31	30	—	50	1	"
Racal (p)	360	¼	8	3	—	7	—	"
Racal (p)	390	¼	61	6	—	12	—	"
Racal (p)	420	¼	5	11	76	22	—	"
Racal (p)	460	13	28	25	3	39	—	"
Racal (p)	500	—	—	55	—	65	30	"
RTZ (c)	390	187	1	200	—	—	—	577p
RTZ (c)	500	77	47	99	7	130	3	"
RTZ (c)	550	27	44	62	10	87	1	"
RTZ (c)	600	¼	95	44	45	67	31	"
RTZ (c)	650	—	—	26	3	48	—	"

C=Call P=Put

Fairclough tops £5m at midyear: interim raised

PRE-TAX profits of **Fairclough Construction Group**, the civil engineer and building contractor, advanced from £4.21m to £5.13m in the six months to June 30 1981—the first time in the company's history that taxable profits have topped £5m for the half year.

The improvement was achieved despite a reduction in turnover, mainly because of delayed starts on certain major contracts, from £134.93m to £116.73m.

The attributable balance emerged at £2.46m (£2.02m) after a higher tax charge of £2.67m (£2.19m).

Stated earnings per 25p share improved to 5.61p (4.6p) and the net interim dividend is being stepped up from 1.65p to 2p—for 1980 a final of 2.85p was paid from taxable profits of £10.72m.

Mr Oswald Davies, the chairman, says the satisfactory level of the company's workload he discussed at the annual meeting has increased and liquidity has continued to increase since the year end and is now at a record level.

At the AGM in May Mr Davies revealed that the group's current workload was higher than it had ever been and that since the end of December it had obtained firm contracts for £90m worth of work in the UK and current inquiries for nearly £600m. He was confident the group would have another good year.

Although certain overseas activities proved a little disappointing in the first half the chairman is confident that the second six months will be more successful.

He points out that the Saudi Arabian market has recently become excessively competitive and contract prices now appear uneconomic. Having completed its outstanding contracts during May the group has sold its shareholding in its associate company Fairclough-Al Midani Company for book value.

It is maintaining its association with its Saudi Arabian partner and is prepared to carry out further work when suitable opportunities arise.

Since the end of June the group has completed the sale of properties which were surplus to its requirements for in excess of £4m.

The group is continuing to streamline certain activities and to develop others in order to exploit the "ever changing" market conditions.

● comment

The very depressed tender prices which many contractors have been taking in recent months have had no visible influence on **Fairclough**. The workload is about 30 per cent ahead of last year, yet margins have improved. The company seems able to remain above the battle, in which others are cutting margins in the attempt to recover overheads. Net cash of £12.5m at the year end has since increased; interest receipts amount to something *like 12 per cent of pre-tax profits*. Three UK contracts which were expected to start in the first half-year have since been got under way, with a positive impact on the remaining months. A slightly disappointing flow of profits from East Africa is also expected to improve by the end of the year. The prospective yield is under 6 per cent, and the fully taxed p/e in the region of 10½—assuming the momentum is conserved. At 139p (up 4p) the shares are not extravagantly priced.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Blue Circle Industries, Comben, Hawley Leisure, J. N. Nichols (Vimto), Pearl Assurance, Thomas Robinson, Slough Estates, A. G. Stanley.

Finals: Associated Dairies, Hanover Investments, Moran Tea, J. Saville Gordon, Victor Products (Wallsend).

FUTURE DATES

Interims:

Morrison (Wm.) Supermarkets .... Sept 24

Weir Group .... Sept 2

Restmor lifts payment by 1p

FOLLOWING a downturn in results at the interim stage, **Restmor Group**, manufacturer of baby carriages and nursery furniture, ended the April 30 1981 year with taxable profits behind at £1.2m, against £1.55m, from turnover down from £12.79m to £10.93m.

The total dividend is increased, however, from 4p to *5p net per* 25p share, with a final payment of 4.5p

At halfway there was a surplus of £604,819 (£750,321)

There was a much higher tax charge for the 12 months, of £506,000 compared with £229,000, and after dividends of £258,000 (£206,000) and a £3,000 (same) transfer to debenture redemption reserve, the amount retained was £435,000 against £1.11m.

Earnings per share are shown as 13,49p (25.65p) and on a CCA basis—which slightly reduces the pre-tax profit to £1.15m—they are given as 12.43p.

● comment

Restmor shares perversely broke into high ground yesterday with a 14p rise to 102p following the first profits setback for a decade. The pre-tax return for the closing six months of the year fell by 26 per cent to leave the year 23 per cent lower. A combination of retailer destocking and a slide in consumer buying following a trend towards increasing second-hand purchases worked to slip at least a fifth off group volume. A fairly dramatic collapse in demand and profitability was indicated with the figures from Mothercare, which takes more than half Restmor's output and is obviously in a position to negotiate selling prices. Restmor has faced up to the new levels of demand by shedding around a fifth of the labour force without any significant redundancy costs and the balance sheet is still described as liquid. This year will be pushed to show any worthwhile *improvement in profits given the* flattish outlook for the market. A fully taxed p/e of 9 is not demanding—but there are obvious constraints to growth—while the yield is under 7½ per cent.

Robert M. Douglas slips to £3.05m : raises payout

PROFITS BEFORE tax of **Robert M. Douglas Holdings** slipped from £3.27m to £3.05m in the year to March 31 1981, on increased turnover of £103.79m compared with £93.29m.

At the half-year stage this civil engineering and building contractor was already marginally behind with taxable profits of £1.12m (£1.15m) and turnover was £52.8m (£47.4m).

The final dividend is being raised to 3.9p net (3.4p) per 25p share making a total for the year of 5p (4.5p). A one-for-two scrip issue is also proposed, in order to bring the capital more into line with the assets employed. Earnings per share are stated at 35.7p (18.6p), and assets at 226p (212p).

The directors say the lower pre-tax profits reflect pressure on margins at home and abroad. The world recession has affected demand in both UK and overseas markets, but the group's forward work load has been increased mainly in general contracting, in spite of keen competition.

There was a tax credit for the year of £559,000 (£1.39m charge) due to the release of stock relief. The attributable profits emerged at £3.34m (£1.71m) after extraordinary debits of £264,000 (£170,000).

Current cost adjustments reduced the taxable profits to £1.72m.

● comment

Robert M. Douglas has had to shave already narrow margins by some 17½ per cent on average, as construction companies have bid each other down in the Dutch auction of the last year. Douglas has found that the margin-pressure lets up only when a major contract is landed: that brings a temporary increase in the contractor's power to bargain with local subcontractors. Order books are stronger than they were last year: construction orders of £60m (against £33m) represent about *12 months' workload*. The company is also more liquid than it was a year ago. The increase in dividends may not be strictly warranted by trading considerations, but even the increased total is covered nearly 4½ times by current cost earnings. The shares yield 6.2 per cent: on 120p (up 7p) and a fully-taxed p/e of 8 they remain at something of a discount to the sector.

American Trust up to £1.05m

In the half year to the end of July 1981 the Edinburgh-based **American Trust Company** increased its revenue after tax from £977,000 to £1.05m. Earnings per 25p share are given as 1.27p against 1.18p and the net asset value 18.6p higher at 93.1p a share.

The interim dividend is being maintained at 0.7p net per share. Last year a total of 2.1p was paid on revenue after tax of £1.89m (£1.65m).

Tax took £721,000 (£649,000) and the pre-tax revenue was £1.77m) (£1.63m).

Crouch Group profits decline to £0.49m but dividend held

PRE-TAX profits of the international property development and construction concern, **Crouch Group**, dropped from £693,000 to £490,000 for the year to March 31 1981, which was marginally higher than the forecast of £485,000 made in May at the time of the rights issue.

After higher tax of £271,000 (£75,000) and extraordinary debits up from £294,000 to £323,000, the company made a net loss of £104,000, against a £324,000 profit.

Stated earnings per 25p share tumbled from 15.45p to 5.48p, but as forecast the final dividend is maintained at 3.325p net for an unchanged total of 4.4p per share.

Mr Ronald Clempson, the chairman, says that with the group five months into the current year, the reduced demand in the housing market still continues to depress trading profits in the first half. Crouch is continuing to pursue its well stated policy to seek growth both organically and by acquisition.

Turnover for the year showed an improvement from £14.92m to £16.55m. At half-time, the figure was ahead at £8.52m (£7.97m) but pre-tax profits had fallen from £356,000 to £231,000.

In the interim report the chairman referred to the outstanding balance of a loan which was made to a former subsidiary, Crouch (Ireland). This loan has not yet been repaid in full and proceedings have been commenced against both the purchaser of that company and the purchaser's guarantor.

However, the Board believes it prudent that full provision should be made against the principal amount outstanding of £265,000 and this has been treated as an extraordinary item.

Group net asset value, including property revaluation surplus, was £7.07m (£6.19m) as at March 31 1981, which represents 177p (155p) per share.

During 1981, the policy of Crouch Construction of contracting for the group's development company was continued on an increased scale.

At the end of the year under review, the group's total profit from all intra-group activities amounted to £239,000. However, this "hidden" trading profit cannot be aggregated as profit in the group accounts unless and until there is a disposal of the asset created, the chairman explains.

Since UK development activities are planned to expand, the group will continue to improve its asset base and gradually to increase property rental income.

He says that inevitably this substantial profit in stock will *also grow in respect of those* properties which it is decided to retain.

Eventually, however, this additional value will accrue to reserves at the time of revaluations.

Gaskell Broadloom dives and warns about outlook

TAXABLE PROFITS of Gaskell Broadloom, Lancashire-based manufacturer and distributor of carpet underlays, floorcoverings and other non-woven products, plunged from £314,505 to £96,317 in the first half of 1981 despite a marginal improvement in turnover to £6.43m, compared with £6.36m.

Although the directors are disappointed with the results they are maintaining the net interim dividend at 1p—1980's final was 2.5p paid from pre-tax profits of £653,317 (£1.1m).

They say profits of the UK section, including Hothfield Carpets, increased over the same period last year but warn that trading, particularly in the carpet industry, has been extremely difficult and the continuing depressed economic climate leaves little optimism for the immediate future.

The directors are continuing "with utmost vigour" a programme of introducing new products and improving existing products wherever possible.

The taxable surplus for the half year was struck after depreciation of £150,983 (£93,268) and was subject to tax of £169,000 (£163,000).

At the attributable level profits emerged at £43,353 (£151,505) after minority credits of £116,127 (nil).

The company was formerly known as Gaskell and Co. (Bacup).

YEARLINGS UNCHANGED

The interest rate for this week's issue of local authority bonds is 14¼ per cent, unchanged from last week. The bonds are issued at par and are redeemable on September 1, 1982.

A full list of issues will be published in tomorrow's edition.

RESULTS AND ACCOUNTS IN BRIEF

HOWARD TENENS SERVICES (distribution and engineering services)—Results for year to March 31 1981, already reported with prospects. Current cost pre-tax loss £6,000 (£656,000 profit) against historical profit £555,000 (£1.15m). Group shareholders' funds £14.1m (£12.86m). Net current assets £2.68m (£3.76m). Debenture and loans £4.34m (£5.29m). Liquid funds increased £217,000 (£2.65m). Meeting, Swindon, September 16, 11 30 am.

FASHION AND GENERAL INVESTMENT—Results for six months to March 31, 1981, reported July 9. Shareholders' funds £2.57m (£2.23m), net current liabilities £518,227 (£387,436), decrease in working capital £[illegible] (£37,811). Meeting: Winchester House, EC, September 14, noon.

ASSOCIATED TOOLING INDUSTRIES (engineering components)—Results for year to February 28 1981 reported August 7 with prospects. Shareholders' funds £937,387 (£907,724), fixed assets £[illegible] (£232 277) net current assets £[illegible] (£69,565). Increase in net liquid funds £59,218 (decrease £330,225). Meeting, The Institute of Directors, SW, September 15 at noon.

PARAMBE (investment holding company)—For half year to June 30 1981 interim dividend 0.25p (0.2p) net per 5p share. Income £45,044 (£23 195), pre-tax profit £25,272 (£14,906). Tax £9,329 (£4,464); profit attributable £15,943 (£10,442) before extraordinary credits £35,987 (£167,309). Earnings per share 0.43p (0.28p). Extraordinary items are realised investment gains and Sri Lanka compensation. Gain of £140,000 on disposal of Italian Gas interests included in 1980 comparison. Net asset value 21.7p (17.9p at December 31 1980). *Directors state that* all aspects of the company's business are progressing well.

REARDON SMITH LINE (shipping)—Results for year to March 31 1981 reported August 15. Group fixed assets £22 32m (£23.9m). Net current assets £4.67m (£2.59m), including short-term deposits £2.4m (£1.53m). Total stockholders' interest £11.79m (£10.57m). Shipbuilding loans £14.39m (£15.99m). Net increase in working capital £2 44m (£0.41m). Directors' estimation of value of fleet was £48m as at March 31 1981. Meeting, Cardiff, September 14, 11 30 am.

GROUP INVESTORS (general investments)—Results for year to June 30 1981 reported August 12. Shareholders' funds £9.68m (£7.55m), net current liabilities £337,054 (assets £115,496) including cash at banks of £536,309 (£78 211), increase in liquidity £50,000 (decrease £48,000) Meeting, St Mary Axe, EC, September 15, 12 30 pm.

CAWDAW INDUSTRIAL HOLDINGS (textiles, timber, furniture and engineering group)—Results for year to March 31, 1981, already known. Fixed assets £3.22m (£3.68m), current assets £4.11m (£5 32m), current liabilities £4.14m (£4.62m), shareholders' funds £2.93m (£4.12m). Current cost pre-tax loss £1.18m (£509,000) against historic *loss £944,000 (£125,000). Meeting, Salford*, September 17, at noon.

AILSA INVESTMENT TRUST—Results for the year to May 31 1981 already known. Investments—at market value—£15.21m (£12.35m). Shareholders' funds £15.34m (£12.25m). Current sales £528.4 (£382,188) and current liabilities £491,691 (£485,538). Increase in liquid funds £215,566 (£245,379 decrease). Meeting, Glasgow, September 14, 2.30 pm.

DAVY CORPORATION (engineering and construction group for the chemicals, minerals, metals and energy industries)—Results for year to March 31 1981 and prospects for current year reported on July 24. Fixed assets £77.16m (£73 29m), net current assets *£30.75m (£32.58m), including bank* balances, deposits and bonds £77.66m (£77 34m) and overdrafts and short-term loans £9.24m (£7.25m), shareholders' funds £91.31m (£83.85m). Meeting, Cavendish Conference Centre, Duchess Mews, W, September 22 at noon.

S. W. WOOD GROUP (non-ferrous metal merchant, processor and smelter)—Results for the year to March 31 1981 reported July 24. Fixed assets £1.8m (£1.86m), net current assets £2.03m (£2.7m). Bank loan and overdrafts (secured) £1.63m (£2.43m). Shareholders' funds £3.62m (£3.79m). Historical pre-tax loss £339,958 (£602,450 *profit*) increased to £523,000 on CCA basis. Chairman warns results for current year may be unsatisfactory, with *immediate prospects not encouraging*. Meeting: Winchester House, Old Broad Street, EC, September 15, noon.

JOS HOLDINGS — Final dividend 2 35p, making 3.425p for year ended July 31, 1981 (3.55p, including special non-recurring 0.30p). Gross revenue £219,183 (£311,192, of which £22,317 special payment from Shell). After expenses £48,652 (£31,262) and tax £89,094 (£29,020), net revenue £180,437 (£175,288) equal to 3.66p (3.56p) per share, excluding non-recurring. Investments £4.91m (£3.73m). Net assets £4.69m (£3.84m) equal to 95p (77.9p at July 31, 1980). Meeting, October 26.

BIDS AND DEALS

Sangers selling optics division for £5.7m cash

BY CARLA RAPOPORT

Sangers Group, the loss-making pharmaceutical and photographic concern, is getting out of the optical business. Dollond and Aitchison, a subsidiary of Gallaher, the U.S.-controlled tobacco group, has agreed to buy its optics subsidiary for £5.7m in cash.

Sangers, whose total market value was £7.49m yesterday, after a 1p fall in the share price to 79p, said that the money would be used initially to reduce the company's overall borrowings.

The optics division registered strong profit growth in the last three years, peaking at pre-tax profits of £575,000 on sales of £6.3m in the year ended last February. Sangers said yesterday that the division is now *making losses largely because of* sharp price competition in the sector.

The division had never paid for itself at the end of the day *after finance costs and taxes*, said Mr George Robinson, chairman of Sangers.

If the deal is approved, Sangers' medium-term bank *loans of £3.6?m will be repaid in* full, while bank overdrafts will fall to £1.5m against £3.5?m.

The deal involves 90 optical branches, 20 of which were acquired last year, for £1.7m, from Bebbington and Perkins. Sangers said these stores were still profitable. Net assets of the optics division are £2.8m.

If the Sangers deal goes through, Dolland and Aitchison will have spent £12m on optical acquisitions this year. In February, the company agreed to buy 49 optical branches from F. Pratt Engineering for £4.5m. In April, it arranged to buy another 20 branches from the Blackstone group for £2m.

Including the Sangers purchase, the group will operate 466 branches which will account for about 16 per cent of total UK optical sales.

All the acquisitions have been paid out of Dolland's cash reserves. "We could happily go out and spend the same money again," said Mr Sidney Woskik, a director and company secretary. "We're still looking for good optics acquisitions."

Dolland predicts that the Sangers acquisition will be turned to profit by the end of 1982.

Gallagher, which recently won a hard-fought battle for Ofrex, said yesterday that the quick succession of the Sangers deal was only "coincidence" and that the acquisition was part of the company's established plan to expand existing areas of operations.

With the sale of the optics division, Sangers said that more *attention could now be paid to* its pharmaceutical business. The company pointed to "insufficient investment in both human resources and computer development" *in this area and said the* substantial improvement had already been made in these problem areas.

Sangers added that the losses in pharmaceutical wholesaling had been significantly reduced in recent months and that sales were now improving.

Financier Mr Tom Whyte, who owns 17.4 per cent of Sangers, met the Board last week and reaffirmed his intention to hold his stake as a long-term investment.

The agreement between Sangers and Dolland is subject to shareholders' approval at an EGM set for September 10.

Pergamon lifts stake in Solicitors Law

MR ROBERT MAXWELL has *turned his attention to Solicitors'* Law Stationery Society, picking up a 13 per cent stake in the publishing and stationery group in a market manoeuvre yesterday.

This brings the stake in Solicitors, held by Pergamon Press, Mr Maxwell's private company, to 14.98 per cent, just below the 15 per cent now permissible by way of a market raid.

In the market Solicitors' Law's share price rose 4p to 26p.

Last summer, before the new "*dawn raid*" *rules were introduced*, Pergamon acquired 29.4 per cent of British Printing Corporation. Mr Maxwell became chief executive of BPC under a *rescue plan which left Pergamon* with 77 per cent; next week he will take over the chairmanship.

Earlier this year BPC negotiated with Solicitors' Law to buy its Oyez Press subsidiary but the £2m deal was finally called off.

"Since then," a spokesman from Solicitors' Law said yesterday, "we had heard *no more* from Mr Maxwell until we learnt of his purchase of the stake. We did not know that he already held just under 2 per cent."

The Thomson Organisation controls 50.2 per cent of Solicitors' Law and it is understood that the Thomson family has no intention of letting go control.

Mr Maxwell informed Thomson yesterday that he had bought the stake "as an investment."

Pergamon bought a 7 per cent *stake in troubled Scottish publishers* William Collins in February of this year, and built it up to 9.4 per cent before selling out to News International following a bitter bid battle between the two companies for Collins.

Utd. Scientific buys division of Rollei Singapore

United Scientific Holdings has bought the optics division of Rollei Singapore for an undisclosed sum. The business makes lenses for cameras, projectors and prisms.

Rollei Singapore went into receivership in early July, shortly after its affiliate—the West German camera company—itself decided to apply to go into liquidation. A spokesman for the receivers in Singapore said that United Scientific would seek to retain the division's contracts with West Germany, Japan and Singapore and to employ at least part of the 450-strong workforce.

The UK group already has a **Singapore-based subsidiary**, *Avimo Singapore, which makes* optical equipment mainly for military use, and is reported to be planning an expansion of these activities.

Last month, United Scientific announced a £27m rights issue in order to finance the acquisition of Alvis, the military vehicle manufacturer, from BL.

ROYAL BANK OF SCOTLAND

The Kuwait Investment Office has acquired a second tranche of shares in the **Royal Bank of Scotland**, taking its shareholding up to 8.04 per cent.

It revealed yesterday that it had bought 2.2m ordinary shares increasing its stake to 18.169m shares. Royal Bank share price was unchanged yesterday at 182p —*valuing the Kuwait Investment* Office (KIO) stake at £33.1m.

Royal Bank recently received two takeover approaches, one from Hong Kong and Shainghai and another from Standard Chartered Bank. Both bids are currently being studied by the Monopolies and Mergers Commission.

The KIO bought 700,000 shares in Royal Bank towards the end of July.

PAGE AIRWAYS APPROVES

Page Airways, a family controlled company—which has the main concession for Beech aircraft—*should become* a subsidiary of **Guthrie Corporation** by mid September.

The board and shareholders of Page yesterday approved the proposal to sell 82.5 per cent to Guthrie, the plantations group, by September 11. Guthrie is also making a tender offer of $57.65 per share for the remainder of the equity.

Page, an aircraft charter and service group, made post tax earnings of $1m last year.

MINING NEWS

EZ profits and dividend wilt

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S metal producing and processing **EZ Industries** is cutting its final dividend for the year to June 30 to 8 cents (5p), making a total of only 13 cents against 40 cents for the previous year, **reports George Marshall from Sydney.**

Earnings for the past year have droped 65.4 per cent to A$12.73m (£7.86m) from A$36.78m in line with the deterioration in metal prices (apart from zinc) coupled with the impact of a seven week strike at the company's mines on the west coast of Tasmania.

The latest results, however, could have been a good deal worse had it not been for an 80 per cent surge in investment income to A$16.14m and the inclusion of loan repayments in the profit figures.

Underlining the growing contribution of the investment portfolio is the fact that the latest results do not include the annual *amount EZ can expect to receive* from its purchase of a 16 per cent stake in **North Broken Hill** for A$100m earlier this year.

The latest group profit also *includes A$4.11m interest on* loans to **Energy Resources** of **Australia** and a write-back of deferred income-tax in relation to capital expenditure on the Ranger uranium development, which is no longer required.

EZ said that the average prices received for metal in the year had fallen since the previous year by 14 per cent for lead, 8 per cent for copper, 44 per cent for silver and 14 per cent for gold.

The upward trend in the relationship of the Australian dollar against the U.S. dollar during 1980-81, by comparison with the previous year, also adversely affected sales revenue. But the revenue loss was partly offset by *currency hedging.*

EZ's big hope for the future is the Elura zinc-silver-lead mine in New South Wales, which is scheduled to come on stream at the end of *1982.* The total estimated cost of the project has been revised to A$190m, and project control is being reviewed to ensure that Elura is completed within the increased budget.

The company has hit out at the Federal Government's move in last week's Budget to extend the *write-off period of capital expenditure* on mines development from six to 10 years.

Johnnies' record earnings

AS INDICATED at the half-way stage earnings of South Africa's **Johannesburg Consolidated Investment** mining and industrial group have hit a new record in the year to June 30. The final dividend is lifted to 470 cents (269p) to make a total for the year of 600 cents against 475 cents.

Increased investment income *reflects higher dividends from* the gold and platinum interests while the operating subsidiaries have also done well. The result is an advance in net earnings to *R98m (£56m) from* R72.5m in 1979-80.

The latest net profit is reduced by writing-off R51.4m, this being the amount by which the purchase price of R84.9m for the acquisition of minority shares in **Tavistock Collieries** exceeded the attributable book value of the latter's assets.

It has been decided to write off this goodwill as an extraordinary item instead of it being shown as an asset in the consolidated *balance sheet. However,* Tavistock has been valued at R170m for the purpose of calculating the net asset value of a "Johnnies" share which was *R126 (£72) at end-June.* The shares were £38½ in London yesterday.

News from the Canadian scene

FIRST HALF profits of **Roman Corporation**, which holds 34 per cent of **Denison Mines**, amount to C$10.3m or 98 cents (43.6p) per share, compared with C$9.4m in the same period of last year, *reports* **John Soganich from Toronto** in his latest round-up of Canadian natural resource industry news.

Roman equity accounts its interest in Denison and, it is pointed out, Roman's latest profits would have been 30 cents per share higher were it not for the fact that Denison's profits were checked by the latter's C$17.6m settlement of the U.S. uranium litigation brought by *Westinghouse Electric and the* **Tennessee Valley Authority.**

Sherritt Gordon Mines comments that the outlook for all its metals (copper, zinc, nickel, cobalt, gold and silver) is uncertain for the rest of this year. But adds: "It is difficult to imagine prices for either *nickel or copper sinking below* their current levels."

Because of the long strike, first-half net profits for **Amax's Canada Tungsten Mining** have dropped to C$261,000 from more than C$12.7m in the same period of 1980. Only 44,000 short ton units of tungsten trioxide were produced against 274,000 short ton units a year ago. Full production was resumed on June 15.

Canada Tungsten says that demand for tungsten, considering economic conditions, is relatively strong. The company did not lose any regular customers during the strike. Force majeure, which had been declared in February, was withdrawn on July 6.

The Canadian-owned and managed **Pinson** open-cast gold mine in Nevada is giving a good account of itself since it went into production early this year. During the five months to June 30, gold sales amounted to 17,848 ounces with a nadditional $2m worth of gold tied up in the *mill circuit. Operating costs,* including mill start-up, averaged $168 per ounce of gold produced.

The mine operating profit to June 30 was more than C$4.3m, the share of the 26.5 per cent owner and manager, **Rayrock Resources** of Toronto, being more than C$1.1m. Other participants, each with 26.25 per cent equity, are **Lacana Mining and United Siscoe Mines.**

Pinson is making good progress in paying off its bank loan. At mid-August the loan had been reduced to under $9.6m from the original $15.8m. The venture now is generating revenue for Rayrock at an annual rate approaching C$6m.

PANCONTINENTAL DRILLING IN SURAT BASIN

Australia's **Pancontinental Petroleum** has commenced drilling the Mireeka No 1 well in Petroleum Lease No 2 in Queensland's Surat Basin.

This is the start of a three-well programme in a joint venture with **Apollo International Minerals**, *and the drill* is located approximately 18 km north-north east of the Alton oilfield.

On completion of the three-well programme Pancontinental Petroleum and Apollo can earn a 50 per cent interest from **Moonie Oil** within PL No 2, excluding the area surrounding the Alton field.

Capital reconstruction planned soon by ACI

American Communication Industries, the U.S. film maker which was brought to the Unlisted Securities Market last November by Rowe Rudd, plans a capital reconstruction within the next two or three weeks.

Yesterday ACI, which in March admitted it would miss the profit forecast for 1980 made at the the time of the offer for sale, blamed its problems on "box office performance of the majority of the recent films."

Mr Tony Rudd, the former stockbroker who is now a director of ACI, said that the company's most recent film "Beatlemania," had opened in New York and other selected markets on August 7 "to marginal *results.*"

An earlier film, "Charlie Chan and the Curse of the Dragon Queen," starring Peter Ustinov, had also been a box office failure.

In the face of these problems ACI has substantially reduced its sales and marketing force and curtailed its domestic distri*tion activities, while it completes* its current post-production arrangements for three films due for release at the end of this year or early next. The films are: "I, the Jury," "Tough Enough," and "The Entity."

Mr Rudd said that the company's bankers were supporting ACI. The hope was to present an attractive scheme for reconstruction to shareholders within two to three weeks.

Last November Rowe Rudd offered for sale 625,000 shares in *ACI at $8 a share and $5.5m of* convertible subordinated income notes. Slightly less than 40 per cent of the offer was subscribed for. The remainder was left with the underwriters. In the USM market the shares have recently traded at around $4.

In February the company then *raised $14m through a debenture* issue in the New York market.

A month later it announced that it expected only to break even in the last two months of 1980. After producing net earnings of $1.64m in the first eight months of the year it said it expected net earnings for the full year to be $1.63m. In its offer for sale documents it had forecast earnings of $2.2?m.

Since then payment on the income notes had been delayed, *but the balance was now being* paid on September 15 by Schroder in New York, the company said yesterday. UK holders of the income notes would have "appropriate arrangements" made for their payments.

SIMPLICITY/NCC MERGER 'STILL ON'

The purchase by a U.S. investment group of an 11 per cent stake in **Simplicity** would not *affect its planned merger with* **NCC Energy.** Mr Graham Ferguson Lacey, chairman of NCC, said yesterday.

"The announcement by Icahn Investments in no way affects the commitment of Simplicity and NCC to achieve the already announced proposed combination," he said. "In this regard, as already announced, the parties will sign a definitive merger agreement before the end of this month."

STANDARD FIREWORKS

A five per cent stake in **Standard Fireworks** has been acquired by Harvey Michael Investments. In June L. Stanley, the Liverpool betting group, sold its 22 per cent stake in Standard which it had acquired in January. The stake was said to have been placed with institutions and investment clients of Charterhouse Japhet.

WELBECK SALE

Welbeck Investments (formerly Corinthian Holdings) has exchanged contracts for the sale of its *freehold industrial estate at* Evesham for £300,000.

The approximate profit before tax arising from the sale is £80,000.

SHARE STAKES

Gieves Group—Mr B. T. R. Scruby has sold 50,000 ordinary.

Scottish Metropolitan Property Company—Royal Insurance at August 15 held 14,325,341 ordinary.

Five Oaks Investments—Van Cutsen and associates bought on behalf of discretionary clients 50,000 ordinary: total holding now 290,000 (6.2 per cent).

Norsk Data AS—*Mr Terje* Mikalsen has sold 25,291 ordinary shares.

BOC International—Richard Vincent Giordano, director, has bought 65,000 ordinary and now holds 68,705 ordinary.

Sterling Credit Group—Mr J. N. Oppenheim, director, has sold 37,500 8 per cent convertible cumulative preference shares.

Rightwise—International *Investment Trust Company of Jersey* is now interested in £317,115 convertible unsecured loan stock 1993 and 25,903 ordinary shares.

Singlo Group—Mr G. A. *Whitaker* has bought 32,500 ordinary.

Ward and Goldstone—On February 11 Mr M. H. Goldstone was appointed director of W and G. Pension Trustee. The company holds 100,556 ordinary 25p shares and 11,929 7 per cent cumulative preference shares. M. H. Goldstone, director, holds beneficial 143,550 ordinary (0.983 per cent); as trustee 110,831 ordinary (0.7337 per cent); as trustee 11,292 7 per cent cumulative preference (14.9113 per cent).

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	10	54	—	—	—	—	$408.75
GOLD C	$400	10	35	—	—	—	—	"
GOLD C	$425	75	22	—	—	5	55	"
GOLD C	$450	22	10	—	—	2	40	"
GOLD C	$475	1	7A	—	—	—	—	"
GOLD C	$500	—	—	3	12	—	—	"
GOLD P	$400	11	15	—	—	—	—	"
GOLD P	$425	9	25A	7	30	2	31.50	"
GOLD P	$450	5	41A	—	—	—	—	"
		Sept.		Dec.		March		
GM C	$45	10	2⅝	—	—	—	—	$46⅜
		Oct.		Jan.		April		
ABN C	F.300	31	7.50	—	—	—	—	F.291.50
ABN C	F.320	19	2.50	—	—	—	—	"
AKZO C	F.25	115	1	—	—	—	—	F.24.20
AKZO C	F.27.50	61	0.40	80	1.50	50	2.20	"
AKZO P	F.22.50	—	—	10	0.70	—	—	"
AKZO P	F.25	93	1.50	11	1.70	—	—	"
AKZO P	F.27.50	—	—	248	3.70	—	—	"
AMRO C	F.60	45	0.20	—	—	—	—	F.52.50
HEIN P	F.45	16	2.10	—	—	—	—	F.45.10
HOOG C	F.17.50	10	1.50	—	—	—	—	F.17.60
HOOG C	F.20	—	—	36	1.50	—	—	"
HOOG P	F.17.50	—	—	25	1.40	—	—	"
KLM C	F.110	128	4.60	11	11	—	—	F.99.80
KLM C	F.120	51	2.80	—	—	—	—	"
KLM C	F.140	50	1.10	12	3.80 A	—	—	"
KLM C	F.150	—	—	10	2.50	—	—	"
KLM P	F.80	11	1.30	—	—	—	—	"
KLM P	F.90	45	3	9	5.50 B	—	—	"
KLM P	F.100	79	6.50 B	51	10	—	—	"
KLM P	F.110	20	13.50	20	15 B	—	—	"
NEDL C	F.150	26	12	20	15.50	—	—	F.159.80
NEDL C	F.170	162	6.50	—	—	—	—	"
NEDL P	F.160	20	6 B	—	—	—	—	"
NEDL P	F.170	20	13.50 B	—	—	—	—	"
NATN C	F.110	—	—	10	8.50	—	—	F.114.40
NATN C	F.120	—	—	11	4.70	—	—	"
PHIL C	F.20	233	2.70	119	3.90	—	—	F.22
PHIL C	F.22.50	798	1.20	35	2.40	168	3.50	"
PHIL C	F.25	495	0.50	18	1.50	87	2.20	"
PHIL C	F.27.50	569	0.20	338	0.70	—	—	"
PHIL P	F.20	139	0.50	10	0.80	—	—	"
PHIL P	F.22.50	176	1.40 B	134	1.80	50	1.80 B	"
PHIL P	F.25	128	3.20	33	3.70	20	3.20 B	"
RD C	F.80	17	10.40 A	—	—	—	—	F.89.80
RD C	F.90	97	4	—	—	—	—	"
RD C	F.100	255	1.10	44	2.80	—	—	"
RD C	F.110	20	0.30	—	—	—	—	"
RD P	F.80	225	1.40	—	—	—	—	"
RD P	F.90	170	5	25	7	—	—	"
RD P	F.100	18	11.50	—	—	—	—	"
UNIL C	F.170	—	—	30	5	—	—	F.155
UNIL P	F.160	21	5.60	—	—	—	—	"
		Nov.		Feb.		May		
BOEI C	$25	10	1⅛	—	—	—	—	$24⅝
SLUM C	$70	—	—	25	4¼	—	—	$65⅞
VW C	DM.160	—	—	14	9.50A	—	—	DM150.10

TOTAL VOLUME IN CONTRACTS 6637

A=Asked B=Bid C=Call P=Put

APPOINTMENTS

Senior posts at NatWest Singapore

Following the announcement that NATIONAL WESTMINSTER BANK intends to open an executive office for the Far East and Australasia based in Singapore and the appointment of **Mr John Coombs** as its regional general manager, the following further senior appointments have been made: **Mr Ignace Van Kan** becomes senior manager (previously general manager, south east Asia, Republic National Bank of New York); **Mr Alan Pain**, treasurer (*previously senior manager*, World Money Centre, treasurer's department): **Mr Peter Sherlock**, senior business development manager (previously senior *accounts executive, UK region*): **Mr Paul Meek**, advances manager (previously assistant director, County Bank — NatWest's merchant banking subsidiary).

★

Dr Geoffrey James, assistant director of the London Research Station of BRITISH GAS, has been appointed to the new post of assistant director (technical development) in the resources and external affairs division of the corporation. He will be in charge of a new department responsible for developing the long-term technical strategy of the industry, particularly in relation to gas supply, as well as departments dealing with substitute natural gas engineering and fundamental studies.

★

Mr Peter Morrow has been appointed managing director of TAYBURN DESIGN AND MARKETING. **Mr Dick Davis** becomes design director.

★

Mr David Pamment, managing director of Blayney and Co., Sunderland, has become a director of the Wine Development Board. He replaces **Mr Clarry G. Clay**, of J. W. Cameron and Co., Hartlepool, who has retired.

★

Mr Aden B. Clark has been appointed managing director of FORDHAM PLASTICS, Wolverhampton-based bathroom products manufacturer. Previously with the Guinness Plastics Group, Mr Clark joined Fordham Plastics in 1978 as financial director.

★

Mr Dain Williams, formerly chief executive of the Institute of Incorporated Photographers, has been appointed general secretary of the CONSTRUCTION SURVEYORS' INSTITUTE. He will take up the appointment on September 1.

★

Mr Patrick Watson Turcan has resigned from the Board of STEWART ENTERPRISE INVESTMENT CO.

★

Mr Alan Lodge has been appointed general manager of the electronic systems division of CINCINNATI MILACRON, Bedford.

★

Mr Julian H. Gibbs has been appointed chairman of the newly-formed REED STENHOUSE GIBBS INTERNATIONAL. Other directors include **Mr John G. Robinson** (managing director), **Mr M. Paul Tagg** (director and overseas manager) and **Mr Brian J. Willats** (who remains managing director of Reed Stenhouse Benefit Con*sultants*). Reed Stenhouse Gibbs International was formed as a result of Julian Gibbs International being acquired by the Reed Stenhouse Group.

★

Mr David A. C. Douglas-Home has been appointed to the board of the ECONOMIC FORESTRY GROUP.

★

Mr David LeRoy-Lewis is retiring on September 25 as chairman and director from AKROYD AND SMITHERS, and will be succeeded by **Mr Brian Peppiatt** and **Mr Tim Jones** as joint chairmen.

★

Mr R. S. Napier has been appointed a non-executive director of BRICKHOUSE DUDLEY from September 1. He is a director of Charterhouse Japhet, and chairman of Charterhouse Japhet (Midlands), the bank's Birmingham-based operation. He is also chairman of Standard Fireworks.

CONTRACTS

£5m Morris van order

AUSTIN MORRIS has won a £5m contract to supply 1,530 Morris 440 vans to the Post Office.

★

Barclays Bank has placed orders with **NCR** for 150 autoteller terminals worth in the region of £3m. It is planned that *they are installed by the end of* 1982.

★

Contracts totalling over £500,000 for the fabrication and supply of heating and ventilation equipment on Amoco's North West Hutton offshore oil platform have been won by **OSV Fabrications**, Carshalton.

FERRANTI INSTRUMENTATION, naval department, has received from Vickers Shipbuilding and Engineering an order for a further digital depth system for installation aboard one of the Royal Navy's new nuclear powered hunter-killer Trafalgar class submarines. The value of these contracts now totals £250,000.

★

ELGA PRODUCTS has won a large order, worth over £120,000, to supply a water treatment system to soft drinks manufacturer Cantrell and Cochrane, in Belfast. The automatic system will be producing some 53,000 gallons of pure water per day.

$42m reorganisation cost will put Stevens in red

BY IAN HARGREAVES IN NEW YORK

J. P. STEVENS, the large U.S. textile company, plans to take a $41.8m write-off in its results for the quarter just ended. This is expected to push the company into the red for the year for the first time since 1971.

Stevens said the write-off would cover the costs of four plant closures and the elimination of a number of marginal or loss-making product lines.

But the company has decided to stick with its ambitious $1bn modernisation programme in the 1980s and has extended its bank credit lines by $200m to cover this and some refinancing of matured long-term debt.

The $41.8m write-off is a major blow for Stevens, which earned only $20.3m last year on sales of $1.9bn and which is in the middle of a serious slump in demand for several of its products, notably carpets.

The company had long-term debt of $275.8m, excluding $35m in lease commitments, at the end of last year and held a multi-bank line of credit worth $127m. The $200m line announced yesterday, with a syndicate headed by Chase Manhattan, is in addition to the other credit lines.

The changes planned by Stevens involve dropping the following products: narrow width corduroy cloth; some non-woven products such as synthetic insulation materials; some drapery fabrics; and part of its textured wovens business. Textured wovens are a synthetic alternative to wool worsted fabrics for use mainly in men's clothing.

About 800 jobs will go as a result of these plans. None of the plants to be closed, however, are those in which Stevens recently agreed to recognise the textile workers' union at the end of an epic 17-year struggle.

Stevens also announced a plan to improve profits by lower costs, raising productivity, introducing seven-day working at some plants and concentrating research and development in Greenville, South Carolina.

The company said it intended to increase production of more profitable lines, among which are wide corduroys, towels, shirting, sheets, industrial fabrics and woollens.

Stevens said it was committed to a more than $100m a year capital budget throughout the 1980s. Last week the company ordered 450 air-jet looms. These looms, which supersede obsolete shuttle or water-jet looms, represent the industry's latest technology and are central to the company's drive to lower costs and raise efficiency.

Stevens plans to announce its third quarter results on Thursday. In the first half of its current fiscal year, the company earned $5.3m on sales of $942m.

Firestone continues in the black

BY OUR FINANCIAL STAFF

FIRESTONE TIRE and Rubber, the second largest U.S. tyre producer, continued in the black in the quarter ended July, giving it three consecutive quarters of profits.

Net profits for its third quarter came to $18m against a $30m loss last time, mainly as a result of a sharp return to profit on its North American tyre operations and improvement in its diversified products activities.

At the pre-tax operating level, third quarter profits from its North American tyre group were $31m against a $42m loss last time. Firestone attributed the improvement to the elimination of unprofitable product lines, cost reduction programmes and increased sales of tyres to the automotive industry.

The company also had strong sales in the replacement tyre market while it also benefited from Lifo (last in first out) accounting methods used on liquidations associated with the reduction of stocks, Firestone said.

There was also a substantial reduction in the group's net interest expense because of the cutting of its debt.

Sales for the quarter were down from $1.12bn to $1.08bn and for the nine months from $3.49bn to $3.25bn.

For the nine months net profits came out at $121m against a $98m loss, with the latest period including a $50m profit from discontinued operations, which include the plastics activities sold to Occidental Petroleum.

Last year's figures have been adjusted to include a $3m loss for discontinued activities but also include a $4m extraordinary tax credit. There was a $6m extraordinary credit this time.

The third-quarter and nine-month improvement in the North American tyre operations offset the decline overseas, where third quarter pre-tax operating earnings were down by $10m to $23m, mainly as a result of lower natural rubber prices. The company has 105,000 acres of rubber plantations in Asia, Africa and South America.

Deere rides out farm equipment recession

By Our New York Staff

DEERE AND COMPANY, the leading U.S. farm and industrial equipment company, sailed through the deep recession in farm equipment demand in its third quarter to report a more than doubling of net income to $67.1m.

Most of the gain, however, was attributable to foreign exchange income, which boosted profits in the quarter by $31.9m, compared with a loss of $6.7m in the same quarter last year. In last year's third quarter Deere earned $27.6m.

Sales in the quarter were $1.47bn, up 8 per cent from last year's $1.37bn. For the nine months, sales were almost unchanged at $4.01bn and net income was up slightly from $183.2m to $195.7m.

Deere noted that its margins have been suffering because of heavy price discounting by its competitors in the scramble to reduce stocks in a period of very high interest rates.

Deere's North American sales in the first nine months showed almost no change to $3.1bn, but overseas sales, especially weak in Europe, were down by 4 per cent to $863m.

Nine month industrial equipment sales were especially poor, down by 20 per cent to $567m worldwide. Worldwide farm equipment sales were up 4 per cent at $3.4bn.

Recent forecasts for the industry project that North American tractor sales will decline by between 6 and 8 per cent this year, whereas at the start of the year forecasts were for a 10 per cent gain. Combine harvester sales are forecast to rise by 7 per cent, down from earlier projections of a 15 per cent gain.

RECOVERY HELPED BY COST-CUTTING DRIVE

Second quarter upturn at Philips

BY MICHAEL VAN OS IN AMSTERDAM

AN IMPROVED second-quarter result has still left half-year net profits at Philips, the Dutch electrical group, trailing compared with the same period last year.

But board member Mr Jan Zandman stressed at a press conference yesterday that the full year's result would still top 1980's Fl 328m ($120m), "though not by any substantial amount."

Philips said the volume of sales had risen by 4 per cent in the half year and the forecast for the whole of 1981 was now about 5 per cent. Mr Zandman said that the second quarter improvement in profits reflected the initial impact of the company's reorganisation programme.

Second quarter sales rose 17 per cent to Fl 10.08bn, trading profits were up 15 per cent at Fl 431m, and net profits increased by 34 per cent to Fl 78m, bringing the half-year figure to Fl 190m, compared with Fl 209m. Second quarter earnings per share were Fl 0.43 from Fl 0.34, previously and Fl 1.05 against Fl 1.22 for the six months.

Philips said that total staff would be reduced internationally by some 15,000 this year. The main cuts would be in home electronics and industrial supplies, where manufacturing plants were mainly concentrated in Europe.

"This is where our main industrial base is located and this is where we are under attack from our competitors," Mr Zandman declared. He added that measures to speed up reorganisation would be implemented towards the end of the year.

Philips noted that the volume sales increase in the half-year had lagged behind productivity improvements. Losses due to unused capacity and the sharp rise in financing costs had largely accounted for the lower results.

The relatively favourable development of sales was helped by the continuing firmness of foreign currencies against the guilder. However, Europe's share of Philips' sales total fell from about 65 per cent to about 57 per cent in the six months.

A "higher than average" sales growth was achieved in the home electronics sound and vision division, helped by the consolidation of Sylvania-Philco of the U.S. and by "considerable growth" in the sale of small screen television receivers, video cassette recorders and hi-fi equipment.

The declining market demand for large screen colour television tubes was partly offset by an increase in demand for integrated circuits. Sales of systems for professional applications developed favourably, the company said.

Lex, Back Page

Two U.S. insurers seek mergers

BY OUR FINANCIAL STAFF

TWO U.S. insurance companies are seeking merger partners, one to provide funds for expansion in life and annuity operations and the other to thwart the attentions of a group which is building up a substantial holding.

First Colony Life Insurance, among the top 100 insurers in the U.S., said it had decided to seek an affiliation with a larger company which could provide the financial resources for its expansion.

It has asked Morgan Stanley, which is currently studying the company's California real estate and oil royalty interests, to broaden the scope of its activities to seeking such an affiliation.

First Colony, based in Lynchburg, Virginia, operates through 275 general agents and more than 25,000 licensed brokers. At the end of June its insurance in force stood at $8.4bn against $6.2bn in 1980. Its assets were ahead from $346m to $418m. For the six months income from operations rose by 26.5 per cent to $6.9m from $5.4m previously, or from $1.36 a share to $1.72.

Continental Life and Accident, meanwhile, has instructed its advisers, Blyth Eastman Paine Webber, to continue discussions with partners interested in acquiring all the stock of the company.

At the same time it is exploring various courses aimed at blocking attempts by Financial Industries Corporation and Mr Roy F. Mitte, its chairman, from gaining a controlling interest.

In filings with the Securities and Exchange Commission Financial Industries has revealed two agreements to buy a total 32.3 per cent stake from Life Investors, an Iowa-based concern, which is controlled by Ago Insurance of the Netherlands, and from a representative of the estate of Continental's founder who is also a director of the company.

Continental said Mr Mitte has said he is not interested in buying the stock of other shareholders so the transactions mentioned in the SEC filings treated other shareholders unfairly and were not in the best interests of the company.

U.S. foreign investment rises by 14%

By Reginald Dale, U.S. Editor, in Washington

U.S. direct investment abroad rose by 14 per cent, or $26.7bn last year, the Commerce Department reported yesterday. It brought the total book value of American investors' equity in, and net loans to, their foreign affiliates to $213.5bn at the end of the year.

The increase was most rapid in the oil sector, where investment abroad rose by 21 per cent. It rose by 13 per cent in manufacturing and 12 per cent in other industries.

Investment in developed countries rose by 13 per cent, against 18 per cent in developing countries, the department said. American investment in Europe rose from $82.6bn in 1979 to $95.7bn last year, or roughly half the total.

The overall increase was accounted for by capital outflows of $13.5bn and unusually large valuation adjustments of $8.2bn, the department said. Without the valuation adjustments, the increase would have been 10 per cent rather than 14 per cent.

Toys 'R' Us lifts interim profits

BY OUR FINANCIAL STAFF

TRADING RESULTS for the second quarter at Toys "R" Us, the largest toy retailing chain in the U.S., show a substantial increase, although comparisons are distorted by special factors.

At the end of the first half, the New Jersey-based company showed net earnings of $3.8m, or 17 cents a share, compared with $105,000 or nil per share last time. Revenues for the six months have advanced from $162.9m to $221.1m. In the past, group earnings have depended heavily on the outcome for the final quarter of the year, which takes in the all-important Christmas trading period.

Second quarter net profit was $3.2m, or 14 cents a share, against $298,000 or 1 cent a year ago. Revenues were $123.7m compared with $92.7m. The second quarter net takes in a Lifo charge of 2 cents a share and the six months a similar charge of 4 cents a share.

The board comments that the 1981 results include a net gain of $534,000 on sale of property. The 1980 first half includes a net gain of $983,000 from similar sources.

Mr Charles Lazarus, president and chief executive, said "current expansion plans are on target." The company opened two new stores during the second quarter while closing two smaller stores in Chicago. It anticipated opening 18 more stores during the fall.

Automatic Data

Net earnings for fiscal 1981 at Automatic Data Processing are up by 24 per cent to $49.3m, or $1.57 a share, on sales of $558.4m against $455.4m. In this edition yesterday the per share figure was incorrectly stated.

ICC tries to block Reliance action on Tiger

By Our New York Staff

THE INTERSTATE Commerce Commission (ICC) is trying to block Reliance Group from increasing its 19.2 per cent stake in Tiger International, the large freight company whose interests include air cargo and two motor carriers.

The commission, which is the regulatory agency for the road haulage industry, filed suit in a New York court, arguing that Reliance's purchases of Tiger International stock violate the Interstate Commerce Act, which require ICC approval for any company to control two or more road hauliers.

Reliance already holds a 24.92 per cent stake in Midwestern Distribution, another road haulier.

Japanese convertible bonds strong

By Francis Ghilès

JAPANESE CONVERTIBLES continued to be the brightest major sector of the Eurobond market yesterday. The attraction which Japanese names hold for investors was again underlined when Nikko Securities was able to increase, by $5m to $25m the amount of the 10-year convertible it was arranging for Nippon Chemi-Con.

The lead manager was also able to cut the indicated coupon from 5½ to 5¼ per cent. The conversion premium was set at 5.39 per cent.

In the fixed interest dollar bond market, prices declined by about ⅜ points in line with the New York market. Trading remained extremely thin.

The European Investment Bank (EIB) filed for a $500m offering of Yankee bonds with the Securities and Exchange Commission in Washington yesterday. This is a "shelf" registration, which will allow the EIB to launch an issue quickly if it so wishes later in the year. This borrower has not arranged a Yankee bond issue since last February.

D-Mark foreign bond prices declined again yesterday by ¼ points. Meanwhile, a new issue for a prime foreign banking name is expected to be launched later this week through Westdeutsche Landesbank.

In Switzerland, where prices of seasoned issues declined by ⅜ points yesterday, Credit Suisse increased the indicated coupon on the SwFr 100m bond to 1991 it is arranging for Gillette Overseas Finance from 6½ to 7 per cent, and priced the issue at par.

● Hong Kong businessmen who have been approached by provincial officials say that several Chinese Provinces plan to launch bond issues in Hong Kong to finance coal exploration, reports AP-DJ.

Goizhou Province, which wants to raise $169m through a private placement, is already seeking funds in Hong Kong, and Shanxi, Shangdong and Henan Provinces are expected to follow suit soon.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday September 14.

Closing prices on August 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13½ 88	75	88	88½	−0⅝	−0⅜	16.28
CIBC 14½ 84	185	94½	95	−0½	−1½	17.04
CIBC 15¼ 86	75	96⅞	97	−0⅝	−0⅞	16.22
CNA 15¼ 96	75	90⅝	91⅛	−1¼	−1⅞	16.83
CNE 12¾ 91	100	81¼	81¾	−0½	−0⅞	16.73
Citicorp Int. Fin. 15 86	150	95⅞	96⅜	−0⅝	−0⅜	16.18
Citicorp O/S 15½ 84	175	97⅞	98⅛	−0⅝	−0⅞	16.42
Dupont Canada 13½ 91	65	87¾	88¼	−0½	−0⅝	15.99
EEC 14¾ 93	65	90⅛	90⅞	−1⅛	−1⅛	16.62
EIB 12¾ 89	75	83⅜	83⅞	−1	−2⅛	16.65
Eldorado 13¼ 86	50	89⅛	89⅞	−0⅜	−1⅜	16.59
Elec. de France 13 86	125	86¼	86¾	−0¼	−0½	16.51
Fed Bs D. 12¾ 85 (N)	50	86⅛	87⅛	−0⅜	−1⅛	16.77
Fed. Bs. D. 15¾ 84 (J)	40	98	98½	−0½	−0⅜	16.49
Fin. Exp. Credit 10½ 85	50	81½	82	−1½	−1½	17.34
Finland, Rep. of 9½ 86	100	76⅞	77⅜	−0⅝	−0⅞	17.06
Ford Cr O/S Fin. 16 84	150	99¼	99⅞	−0⅛	−0½	16.04
Ford Cr O/S Fin 16 85	150	96⅞	97⅜	−0½	−0¼	17.02
Gaz de France 13½ 86	80	89⅞	90⅜	−0½	−0⅝	16.77
GMAC O/S Fin. 12⅞ 88	100	86⅝	86⅞	−1⅛	−1⅞	16.39
GMAC O/S Fin. 14¾ 87	100	92⅜	93⅛	+0⅛	−0⅜	16.57
Gen. Mts. O/S 11⅞ 87	100	82⅞	83⅜	−1½	−1½	16.27
Genstar 14¾ 91	50	93¼	93⅜	−0⅝	−1⅜	16.07
Hiram Walker 16 86	50	100⅛	100⅜	−0⅛	−1⅜	15.78
IBM Wld. Trade 12¾ 88	200	89⅞	90⅜	−1⅞	−1⅞	14.94
IBM Wld. Trade 14⅜ 84	100	99⅜	99⅞	−0⅞	−1⅜	14.85
IBM Wld Trade 14⅜ 85	60	98⅞	99⅞	−0½	−0⅞	15.04
Nat. Bk. Canada 15¾ 84	40	96⅜	97⅛	−0¼	−0⅜	16.59
Newfoundland 13½ 90	80	86⅞	86⅞	−0⅜	−0⅝	16.49
Nova Scotia 15 91	75	93	93½	−0⅛	−0⅜	16.40
Ontario Hydro 13½ 91	100	86¾	87¼	−0⅝	−0⅞	16.23
Pacific Gas Elec. 16 88	75	100¾	101¼	−0⅝	−0¼	15.74
PSNH Int Fin 17 86	30	97⅝	98½	−0½	+0½	17.67
Queb Hy 13 91 (WW)	100	82⅜	82⅞	−0⅜	−1⅜	16.73
Royal Bk Canada 14 86	100	92⅞	92⅞	−0⅜	−1⅞	16.39
SNCF 13 91	75	85¼	85⅞	−0½	−1	16.00
Sth California 14 87	50	93⅞	94⅜	−0⅝	−0⅞	15.58
Sth California 14¾ 88	50	93⅞	94⅜	−0¼	−1⅜	16.20
Sven Handlsbk 13¼ 88	45	88½	89	−0⅜	−2⅛	16.81
Swed. Ex. Credit 13 86	75	87⅛	87⅝	−0⅜	−0⅜	17.20
Swed. Ex Cred 15⅜ 86	50	96	96½	−0½	−0⅜	15.89
Toronto-Dom. Bk. 14 84	50	93½	93⅞	−0⅞	−0⅞	17.20
Tribune O/S Fin 14 86	50	91⅞	92¼	−0⅜	−0¾	16.56
Wells Fargo Int. 15½ 84	50	97½	98	−0¾	−1	16.48
World Bank 10¾ 87	300	77½	78⅛	−0⅜	−0½	16.41
World Bank 14¾ 86	500	92½	93	−0⅜	−0¾	16.62

Average price changes... On day −0⅜ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	94½	94⅞	−1⅞	−2½	10.93
Austria Rep. of 8¼ 92	150	85⅜	85⅞	−0⅛	−0¼	10.43
CECA 7¾ 92	150	84½	85	−0¼	−0⅞	10.27
CECA 10 91	120	97½	98⅛	0	−1¼	10.34
Ch-Honeywell 8½ 90	125	85⅛	85⅝	−0⅞	−1	11.00
Council of Europe 10 91	100	97½	98½	0	−0¼	10.32
EIB 8½ 90	200	87¾	88¾	0	−0½	10.60
EIB 10½ 91	200	97⅝	98⅜	−0½	−1¼	10.80
ESCOM 9½ 87	100	89⅜	90⅜	−0½	−0⅜	11.59
Finland, Rep. of 10 88	100	96⅛	96⅞	0	−0¼	10.67
Iberduero SA 9 90	100	90⅜	91⅜	0	−0½	10.60
Ind. Bk. Finland 8½ 90	50	87⅜	88½	−0⅛	−0⅜	10.57
Int.-Am. Dv. Bk. 10 91	100	95¼	96	0	−1¼	10.73
Japan Air Lines 8½ 87	100	88⅜	89⅛	−0¼	−1	10.61
Japan Dev. Bk 7½ 87	100	86⅜	87½	−0½	−0⅜	10.63
Kobe City of 8 90	100	85⅜	86½	−0½	−1½	10.50
Midland Int. Fin. 8½ 90	180	88½	89¼	0	−0⅞	10.44
Nuclebras 9¾ 88	100	86⅛	86⅞	0	+0¼	12.76
OKB 8¼ 92	150	83¼	84½	−0½	−1⅛	10.79
Oslo City of 8¼ 90	80	88⅜	88⅞	−1½	−2⅝	10.84
Renault Acc. 10¾ 88	150	96⅜	96⅞	−0⅜	−0⅜	11.68
Venezuela, R. of 9¾ 90	150	93⅛	93⅞	0	+0⅛	10.89
World Bank 8 90	700	84½	85¼	−0⅛	−0⅞	10.71

Average price changes... On day −0½ on week −0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal Dev. [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Can. Inv. [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Canada [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tordom Cpn. 13½ 85 C$	30	†91	92	0	−1	16.67
M. Bk. Dnmk. 9 91 EUA	25	86⅞	87½	+0¼	+0⅛	11.23
SOFTE 9¾ 89 EUA	40	82¾	83¾	0	0	11.78
U. Bk. Nwy. 9½ 90 EUA	18	90⅝	91⅜	0	+0½	11.12
Algemene Bk. 10¼ 86 Fl	60	92⅜	93⅛	0	−0⅜	12.32
Amro Bank 12 86 Fl	75	98⅜	99¼	0	−0⅜	12.26
Heineken NV 10 87 Fl	100	91½	92	−0¼	−0½	12.02
Nat. Nedrlndn. 10 88 Fl	80	93¼	93¾	0	−0½	11.45
Ned. Midd. Bk. 10 85 Fl	75	94	94½	0	+0¼	11.86
Pierson 10⅛ 86 Fl	50	91½	92	−0⅜	−0⅝	12.72
Rabobank 12 86 Fl	50	98⅛	98⅝	−0⅛	−0⅜	12.44
Air France 14½ 86 FFr	200	91⅝	92⅝	0	+0¼	17.00
Bk. America 14½ 86 FFr	250	89⅜	90⅜	0	0	17.78
Charb'nages 13⅞ 85 FFr	400	88⅝	89⅝	+0⅛	0	17.60
EIB 14⅛ 88 FFr	300	86⅜	87½	−0⅛	−0⅜	17.64
La Redoute 14½ 85 FFr	125	86⅜	87⅜	−0½	−0¼	18.99
OKB 14 86 FFr	400	88⅛	89⅛	−0⅜	−0½	17.80
Solvay et C. 14¼ 86 FFr	200	92⅛	93⅛	−0¼	−0⅝	17.12
Swed. E. Cr. 14⅛ 86 FFr	250	85¼	86¼	−1⅛	−1	19.47
U. Mex Sts. 14 86 FFr	150	88⅜	89½	−0¼	0	18.36
Acona 14 85 £	20	92¾	93¼	−0½	−0⅜	16.42
Beneficial 14¾ 90 £	20	84⅞	85⅜	+0½	+1⅛	17.65
BNP 13½ 91 £	15	85⅝	86	−0⅜	−0¼	16.57
CECA 13½ 88 £	20	88½	89	−0⅛	−0⅞	16.27
Citicorp O/S 13½ 90 £	50	90⅛	90⅞	−0¼	−0⅜	15.54
Fin. Ex. Cred. 13¾ 86 £	15	92¼	93	−0⅜	+0½	16.06
Gen. Elec. Co. 12½ 89 £	50	85⅜	86⅛	0	+0¼	15.31
Hiram Walker 14¼ 86 £	25	93⅜	93⅞	−0⅜	−0⅜	16.27
Privatbanken 14½ 88 £	12	90⅜	91⅛	+0⅛	+0⅛	16.85
J. Rothschild 14¾ 90 £	12	92⅝	93⅛	−0¼	0	15.75
Royal Trustco 14 86 £	12	92⅞	93⅜	−0⅛	0	16.13
Swed. Ex. Cr. 13⅜ 86 £	20	92⅛	92⅞	−0¼	−0½	16.12
Akzo 9¼ 87 LuxFr	500	89⅜	90⅜	0	0	11.62
Euratom 9¾ 88 LuxFr	500	86⅛	87⅛	0	0	12.92
Eurofima 10½ 87 LuxFr	500	88⅜	89⅜	0	−0⅜	13.76
EIB 9¾ 88 LuxFr	600	86⅜	87⅛	0	−0⅜	12.87
Volvo 9¾ 87 LuxFr	500	85½	86½	0	−0⅛	13.14

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5½ 90	0¼	97⅛	98½	18/12	16⅞	17.07
BBL Int. 5 86	0¼	99	99½	20/11	18.31	18.45
BNP 5½ 88	‡0⅛	99⅛	99⅝	29/10	18.61	18.93
Christiania Bk. 5½ 91	‡0¼	98⅜	98⅞	5/11	19.19	19.46
Citicorp O/S Fin. 94	‡0	99	99½	31/8	18⅞	19.02
C. Itoh 5¾ 87	0¼	99⅜	99⅜	18/9	15.44	15.53
Co-operative Bk. 6 86	0¼	99⅛	99⅞	15/11	19.56	19.64
Den Norske Credit 6 90	‡0¼	98⅝	99⅛	5/11	19.19	19.41
Genfinance 5¾ 87	0¼	98⅞	99⅜	30/10	16.94	17.03
Genfinance 5¼ 92	0¼	98⅞	99¼	30/12	18.31	18.47
Giro und Bank 5¼ 91	‡0¼	98⅞	99⅜	23/9	19.06	19.23
GZB 5¼ 92	‡0¼	98	98½	5/9	17⅜	17.56
Ind. Bank Japan 5¾ 88	0¼	99	99½	9/10	16.44	16.56
Lloyds Eurofin 8 90 £	0¼	97¼	97⅝	6/1	13⅞	13.99
Lloyds Eurofin 5¾ 92	0¼	98¼	98⅝	4/12	17.44	17.70
LTCB Japan 5¾ 86	0⅜	99⅜	99⅝	13/12	17⅛	17.38
LTCB Japan 5½ 89	0¼	99¼	99¾	16/1	18.32	18.41
Man. Hanov. O/S 5¾ 94	‡0⅛	99⅛	99⅝	30/8	19.06	19.18
Merrill Lynch O/S 87	‡0⅛	100⅛	100⅝	9/11	19.06	18.99
Midland Int. Fin. 5¼ 92	0¼	98⅛	98⅝	5/12	17½	17.64
Midland Int Fin 9 91	0¼	98⅜	98⅞	30/10	16.81	17.05
Nacional Fin. 6¼ 86	0¼	98¾	99¼	25/1	19¼	19.44
Nacional Fin 5½ 88	0¼	97	97½	25/9	14⅞	15.30
Nat. Bk. Canada 5¾ 88	0¼	98⅜	98⅞	24/9	14½	14.70
Nat. West 5½ 94	§0⅛	98	98½	14/10	16.19	16.48
Nat. West. Fin 5¾ 91	§0¼	98⅛	98⅞	15/1	18⅛	18.38
Nat. West. Fin. 5¾ 92	§0¼	98¼	98¾	23/10	16.81	17.07
Pemex 6 91	0½	97	97½	8/10	15.37	15.75
Societe Generale 5¾ 91	0⅛	98⅞	99⅜	22/1	18⅝	18.79
Sparebanken 6 87	0⅜	97⅜	98⅛	19/12	16.81	17.16
Svenska Hndlsbk. 5 87	0¼	93⅛	93⅝	15/1	18⅛	18.24

Average price changes.. On day −0⅛ on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¾ 96	7/81	933	91¼	92¼	−1¼	−0.39
Bow Valley Inv. 8 95	4/81	23.12	100¼	101½	−2½	20.56
Canon 6¾ 95	1/81	829	185⅜	186⅜	−14⅜	−6.26
Credit Suisse 4¾ 93	10/79	1236	†89	91	0	11.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.
Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Strong rise in first-half profits at Hongkong Bank

BY OUR HONG KONG CORRESPONDENT

THE HONGKONG and Shanghai Banking Corporation has announced sharply higher half-year profits and an increased dividend. Earnings for the six months ending June 30 increased by 34.37 per cent to HK$690.69m (US$116m), after transfers to inner reserves, from HK$514.02m profit in the corresponding period of 1980.

The directors have declared an interim dividend of 21 cents per share, and of 10.5 cents per partly paid share, for a 54.6 per cent higher total distribution after adjustment for the recent scrip and rights issues.

Mr Michael Sandberg, the bank's chairman, said he was pleased with the interim result. He played down forecasts which relied on the bank projecting its profit growth capability to boost its £498m (US$926m) bid for the Royal Bank of Scotland, launched in April in competition with the takeover move by Standard Chartered Bank of the UK.

It was "ridiculous," he said, to suggest that the bank would tailor its profits "according to the situation."

Mr Sandberg also dismissed expectations of a dramatic increase in profits arising from the full contribution of the 51 per cent owned Marine Midland Banks.

Mr Sandberg said that the growth in half-year profits had been helped by contributions from the Hongkong Bank's merchant banking subsidiary, Wardley.

The bank had also increased activity in areas such as trade financing, helped by growth in Hong Kong's total exports and imports for the first six months, of 24.3 per cent and 26.3 per cent, respectively.

Despite slowing worldwide economic activity, the Hong Kong economy has remained buoyant so far this year which has generally helped the profits of the bank. The bank expresses caution, however, about the economic situation in the second half of the year, as "measures to restrain inflation and monetary growth continue to be given priority."

Despite this, the directors expect profitability to continue at a satisfactory level and are confident of being able to recommend a final dividend of not less than the previously forecast 40 cents per share.

The bank said that gross assets on June 31 were HK$271.94bn while shareholders' funds amounted to HK$12.09bn.

The bank said that payment of the final call of the HK$6 partly paid shares was to be made by October 22 in Hong Kong and October 16 in Britain. Trading in the partly paid shares will continue in London and Hong Kong up to and including October 9 and 21, respectively.

Lex, Back Page

German banks reject new 'agreement'

By Stewart Fleming in Frankfurt

WEST GERMANY'S powerful savings banks and Landesbanks plan to boycott the new "gentleman's agreement" which the German supervisory authority, the Federal Banking Office, reached earlier this month requiring banks to submit consolidated balance sheets on a quarterly basis.

The agreement was reached with the private banking sector including both the big commercial banks such as Deutsche Bank as well as the smaller merchant banks, but it was hoped that the banking industry as a whole would participate.

The German Savings Banks Association in Bonn said yesterday that the savings banks and Landesbanks, who between them command some 38 per cent of the Federal Republic's banking market, have decided not to participate in the agreement. The decision is in part based upon the judgment that the issues which the gentleman's agreement covers are issues which should be regulated through a reform of the basic West German Banking Law.

Only four months ago it seemed that the big commercial banks had also reconciled themselves to the prospect of new government legislation to reform the Banking Law. But subsequently, partly because of anxiety about the implications of such reform for an industry whose profits have been battered in the past two years, the commercial banks have sought a voluntary "gentleman's agreement" on the, to them, vital issue of "consolidation."

This agreement, which the banking supervisors themselves have wanted, requires the banks for the first time to submit consolidated worldwide accounts to the supervisors—the Federal Banking Office and the Bundesbank—for the first time on a quarterly basis.

The savings banks and Landesbanks have recognised, however, that this separately negotiated agreement, while tailor-made for the commercial banks, does not meet some of the most important needs of their sector of the banking industry, in particular the problems publicly-owned banks face in raising new capital at a time of low profitability and, just as important, budget cutting by the states and local authorities.

The savings and Landesbanks are worried too that the gentleman's agreement will take pressure off the Government in Bonn to introduce new legislation which is needed to help them and suspect that the commercial banks' enthusiasm for the voluntary agreement is largely the result of the hope that it will be seen as removing the need for legislation.

For this reason the savings banks are intending to press ahead with legislative proposals from one of the German states providing for a special means of estimating the capital adequacy of the savings bank sector.

Sharp growth at Mitsubishi Australia

By Our Sydney Correspondent

A SHARP rise in local market share helped Mitsubishi Motors Australia to double its profits from A$3.22m to A$4.48m (US$5.15m) in the first half of 1981.

Mitsubishi, formerly the Chrysler group, boosted sales 15.3 per cent from 29,424 to 33,936 units during the six months due primarily to the continued success of the Sigma small-car range. Following a programme of internal reorganisation, turnover jumped 24.5 per cent to A$235m.

The higher sales reflect the buoyant state of the overall motor vehicle market.

Mitsubishi's profitability has been good, by comparison with its competitors. Last week Australian Motor Industries, Toyota's local spin-off, reported a loss of A$9.7m despite drastic cost-cutting.

Mitsubishi now claims 11.5 per cent of the Australian vehicle market, compared with 10.7 per cent previously. This is its best level in ten years. The company is to expand operations with a new truck asembly business to be established in Adelaide next year.

Acquisitions boost Repco to 26% income advance

BY GEORGE MARSHALL IN SYDNEY

TWO ACQUISITIONS by Repco, Australia's largest automotive parts maker, in the last financial year helped the company to a 26.4 per cent profit improvement in the 12 months to June 30, to A$22.5m (US$25.7m) from A$17.88m.

The dividend has been increased from 4.5 cents to 5 cents a share, making 9.5 cents a share for the year, compared with 9 cents last year.

The two companies acquired, Actrol and Wreckair Holdings, contributed A$4.74m to the profits, but this was offset in part by interest on money borrowed to finance the takeovers.

The exact amount offset in this way is difficult to determine, because Repco also undertook large borrowing to finance internal expansion and reorganisation. The total interest bill rose by 55.38 per cent, or more than A$5m in the year, from A$9.11m to A$14.16m.

Mr Neil Walford, the chairman, said that, after tax and interest, the two takeovers were likely to have contributed some A$1.5m to A$2m of the increased profit.

The current year is expected to be "excellent," the company says, with turnover reaching A$850m and earnings topping A$30m. In 1980-81, sales increased 30 per cent, from A$425m to a record A$555m

The directors predict a higher dividend for the current year. The company's policy this year, it is said, will be to consolidate recent expansion and to concentrate on overseas growth.

Good half-year earnings gain at ESAB

By Westerly Christner in Stockholm

HALF-YEAR earnings of ESAB, the Swedish welding equipment maker, advanced from SKr 28m to SKr 46m ($9m), before tax. At SKr 898m, sales during the six months were SKr 89m ahead. Some 87 per cent of turnover was generated abroad.

Management forecasts that overall in 1981 "it will probably be difficult to realise the same turnover and earnings as in 1980." Earnings last year totalled SKr 86m, pre-tax.

Hachette buys controlling stake in book publisher

BY DAVID WHITE IN PARIS

HACHETTE, the top French publishing group which came under the control of the Matra concern at the end of last year, has taken a majority shareholding in one of the country's most successful small publishers and put its chairman, M. Jean-Claude Lattès, in charge of all Hachette's activities in this sector.

The move marks a further step in the re-organisation that Matra, mainly an arms and communications group, has brought about at Hachette. The publishing venture run by M Lattès was set up in 1968 and has had several bestsellers.

M. Lattès, 40, is to keep a blocking minority shareholding in his venture and stays on as its chairman as well as taking responsibility for Hachette's other book subsidiaries.

The new Hachette management, headed by M Jean-Luc Lagardère, Matra's chairman, is known to be keen on strengthening this sector overseas.

Since the change of control, Hachette has been reinforced by an increase in its shareholding in Librairie Tallandier, the setting-up of a new press advertising concern, Régie-Hachette, with other partners and a recent move to develop its video cassette business.

Hachette's profits from book publishing, especially its important school textbook interests, have declined in recent years. It remains the dominant force in the French publishing business, with well-known names such as Grasset, Stock and Fayard as well as its standard pocketbook series Livre de Poche.

Overall net profits for Hachette last year dropped to FFr 50m ($8.5m) from FFr 97m, the previous year.

Last year's merger of two West German mechanical handling groups has created a new world force in the industry. **Jonathan Carr** reports

Flying start for PHB Weserhuette

IF THE success of a merger can be judged by its impact on the orders and sales of the new group, then PHB Weserhuette (PHW) of West Germany must be happy indeed.

Just a year ago Pohlig-Heckel-Bleichert, a Cologne-based group producing mechanical handling equipment, merged with Weserhuette, which specialises in mining plant and machinery. In the first half of this year the new group's order intake has more than doubled to DM 697m ($295m), compared with the combined figures for both companies in the first half of 1980, and sales were up by about one-third to DM 400m.

Little wonder if the group's main shareholders, Arbed of Luxembourg and Otto Wolff of Cologne, seem satisfied—even though the strong expansion implies that profits will initially be shunted into reserves to strengthen PHW's equity base, rather than be paid out as a dividend.

Herr Peter Jungen, the chairman of the managing board, does not attribute the whole of the striking upturn to the benefits of the merger. Part of it reflects the price competitiveness of German products abroad, caused by the relative weakness of the Deutsche mark against the dollar. But he also sees the orders and sales increase as a sign that the strategy behind the merger is paying off and that the new group is gaining business which neither half might have received on its own.

On the face of it that strategy is straightforward. PHB and Weserhuette were competitors in a few marginal sectors, but broadly speaking their products were complementary. Through the merger a group has been created with about 7,000 employees worldwide (half of them in West Germany) with annual turnover of close to DM 1bn, which offers a full range of materials handling equipment ranging from mining (opencast and underground), stockpiling machinery, ship loaders and unloaders, to mechanical crushers and feeders. Herr Jungen describes his product range as among the most comprehensive in the industry worldwide.

PHW can now supply entire turnkey installations from mining through loading to processing allowing it to offer package deals to potential customers. PHW had one notable missing link in its chain, but that was closed when it took over Hartmann Foerdertechnik of Offenbach, which makes pneumatic materials handling equipment.

The formation of PHB Weserhuette comes at a time when the mechanical handling industry is having to rely increasingly on its ability to offer package deals to secure new contracts. The company, backed by a 7,000 workforce, claims a product range that is among the most comprehensive in the business

But there is more to the merger than that. Herr Jungen calls PHW a "financial engineering" as well as a mechanical engineering group. He means that a strong base abroad is essential not just to capture foreign markets from the inside, but to gain the financing facilities which are not available to the same degree in West Germany. For example, recently PHW obtained a contract in Indonesia, roughly 70 per cent of which is being carried out by one of PHW's French subsidiaries, Someral, with additional know-how supplied by Hartmann.

By this means, cheap French financing facilities are available (8.5 per cent interest over eight years) which the Germans can only dream about. Without them, PHW would almost certainly not have got the business. PHW is presently therefore in several countries abroad (including France, Spain and Austria) not just because of the domestic market there but because of the extra financing possibilities available.

The same foreign spread—PHW has 16 subsidiaries and affiliated companies on four continents—also helps the group to hedge against currency hazards. At present the fall of the Deutsche Mark (by some 20 per cent against the dollar this year alone) means that PHW products made in Germany can be exported at a competitive price to markets where previously they would have been hopelessly expensive. But while that is a boon to the parent company (and incidentally to Germany's employment level), the group's subsidiaries in Australia, South Africa, or the U.S. working in currencies other than Deutsche Marks might well have picked up the business in any case.

"The great advantage of the structure of the merged group," says Herr Jungen, "is that we have in large measure been able to make ourselves independent of exchange rate movements and of domestic disadvantages in export finance and high labour costs."

Production in West Germany does not only have drawbacks however. PHW benefits from a highly-skilled labour force and a low level of social conflict. But given the high costs, and the fact that some three-quarters of PHW sales are abroad (exports from Germany plus sales of foreign subsidiaries), the group could one day consider giving up its home base altogether.

Herr Jungen forsees no cut in capacity or labour force in West Germany, although it is clear that domestic activity as a proportion of PHW's expanding worldwide interests will decline. But in any case, it is essential for PHW to stay on the inside of the European market.

Europe's growing raw materials and energy needs (of coal in particular) mean big business for PHW on the port unloading and handling side. Contracts from Holland, France, Sweden, Belgium, and Denmark in this sector of PHW activity are one main reason for the boost in orders this first half-year. Herr Jungen notes that Western Europe is the world's biggest coal importing area, and studies indicate it will remain so. From that viewpoint, it is better for PHW to be based in Europe than in say Japan or South-East Asia, whatever benefits might accrue there from cheaper production costs.

At the same time PHW sees big chances in the raw materials producing countries themselves—in particular Australia which is the group's most important single market. Herr Jungen reckons that every million tonnes of Australian export coal means about A$90m (U.S.$104m) worth of investment. PHW has already secured one slice of this business by gaining the contract to supply the materials handling systems at Newcastle, New South Wales—Australia's main hard coal exporting port.

The group is represented in Australia through subsidiaries and an affiliate, Eglo Engineering, which specialises in offshore construction and submarine pipelines. But it is clear that Australia will be a key target area for PHW investment in future—along with the U.S. And who are PHW's competitors? Herr Jungen mentions the British, the Americans and the Japanese, but on the whole the main challenge comes from other West German companies, including Krupp Industrie und Stahlbau, Orenstein und Koppel, and Demag. It is a field in which the Germans have carved out a strong position for themselves and are clearly not disposed to rest on their laurels.

Mining offshoot helps lift Pernas profits by 21%

BY WONG SULONG IN KUALA LUMPUR

PERNAS, the Malaysian Government-owned trading and investment company, has reported pre-tax profit for the year ended January ahead by 21 per cent to nearly 179m ringgit ($75.5m).

The bulk of the increased earnings came from the group's subsidiary, Malaysia Mining Corporation and its investments in the hotel and rubber and tyre industries.

After tax, minority interests and extraordinary items, profit amounted to 66.7m ringgit, or 28 per cent higher than for 1979-80.

Tengku Shariman, the chairman, said results for Pernas in the current year were expected to be substantially lower because the group had transferred some of its most profitable activities, including Malaysia Mining Corporation and its investments in Sime Darby and the Kuala Lumpur Hilton hotel, to the Government investment agency, Permodalan Nasional, as part of the Government transfer of shares to Bumiputras (indigenous Malays).

Lower results from Sime plantation subsidiaries

BY OUR FINANCIAL STAFF

LOWER PROFITS have been reported by three plantations in the Malaysian-based Sime Darby international plantations, trading and industrial group,

Kempas (Malaysia) Berhad said yesterday that its group after-tax profits fell 20 per cent to 19.6m ringgit (US$8.3m). Turnover was down 7 per cent to 205.6m ringgit (US$87m). The company declared a 14.3 sen a share final dividend and a 3.7 sen special dividend, bringing the final payout to an unchanged 32 sen.

Benta Plantations Berhad said its pre-tax profit fell 59 per cent to 3.2m ringgit, and turnover 31 per cent to 22.9m ringgit. The company declared a 6.7 sen a share final dividend, bringing the final payout to 12.5 sen, compared with 25 sen.

Taiping Consolidated Berhad after-tax profits fell 2 per cent to 457,000 ringgit, despite a 37 per cent increase in turnover to 3.7m ringgit. The company declared a 15 sen a share final dividend, to make an unchanged total payout of 25 sen a share.

CURRENCIES, MONEY and GOLD

Dollar advances

Dollar was very firm on indications that demand for credit in the U.S. is unlikely to slacken in the near future, while news of a rise of 1.2 per cent in U.S. consumer prices in July led to fears of increased inflation. Both factors are likely to keep interest rates firm for some time. Demand for the dollar was strong for most of the day, with all major currencies losing ground to the U.S. unit.

Sterling weakened against the dollar, and in terms of other major currencies. Once again the pound tended to suffer in the late afternoon, when Continental centres had closed, and dollars continued to be bought at the expense of the British currency.

European currencies lost ground to the dollar, but finished *above the worst levels of the day.*

DOLLAR — trade-weighted index *(Bank of England)* rose to 112.4 from 111.0. It touched a peak of DM2.52 against the D-mark, before closing at DM2.5030, compared with DM2.4725 previously. The dollar also rose sharply against the French franc, to a high of FFr 6.0350, and finished at FFr 6.01, compared with *FFr 5.9125 on Monday.* The U.S. currency improved to SwFr 2.1735 from SwFr 2.1460 in terms of the Swiss franc, and to Y230.25 from Y228.40 against the yen.

STERLING — trade-weighted index (Bank of England) fell to 91.3 from 92.4, after opening at 91.7 and falling to 91.4 at noon. The pound fell to a low of $1.8170-1.8180 in the afternoon, after opening at $1.8395-1.8405, *and touching a best level of* $1.8430-1.8440. It closed at $1.8230-1.8240, a fall of 3.65 cents on the day.

D-MARK — The most consistently strong member of the European Monetary System, despite a softer tone in recent weeks. It fell sharply against the dollar, touching a five-year low, before a wave of dollar sales improved the situation. But expectations that U.S. interest rates will remain high for some time to come has once again led to a strengthening of the dollar against the D-mark and other major currencies — The D-mark weakened against the dollar at the Frankfurt fixing, but improved overall within the European Monetary System, remaining the strongest EMS currency, while the French franc and the Belgian franc lost ground. The Bundesbank *sold $39.15m* when the dollar was fixed at DM 2.5060, compared with *DM 2.4485. It is also likely that* the German central bank was active in supporting the D-mark *on the open market. In* the late afternoon the U.S. currency eased to DM 2.4980. Indications *that* U.S. interest rates will not decline in the immediate future were reported to be behind the dollar's strength.

DANISH KRONE — Showing a steady performance recently, trading around the middle of the European Monetary System. Progress has been made in solving Denmark's worrying economic problems, resulting in an improvement in the trade deficit during the first half of *this year. A rise in domestic* interest rates has also helped support the krone, although the currency has fallen sharply against the dollar, in line with other EMS members — The krone gained ground against most EMS currencies at the Copenhagen fixing, with the D-mark falling to DKr 3.1320 from DKr 3.1363, the French franc to DKr 1.3083 from DKr 1.3115, and the Dutch *guilder to DKr 2.8210 from* DKr 2.8229. Sterling eased to DKr 14.3175 from DKr 14.39, but the Swiss franc rose to DKr 3.6040 from DKr 3.6025, and the dollar was very firm at DKr 7.8275, compared with DKr 7.68. The Swedish krona and Norwegian krone also improved against their Scandinavian neighbour.

THE POUND SPOT AND FORWARD

Aug 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8170-1.8440	1.8230-1.8240	0.90-1.00c dis	−6.25	2.45-2.55dis	−5.43
Canada	2.2060-2.2270	2.2130-2.2140	1.75-1.85c dis	−9.76	4.50-4.65dis	−8.27
Nethlnd.	5.06-5.10	5.07-5.08	¼-¾c dis	−0.89	par-½ dis	−0.20
Belgium	74.10-74.70	74.35-74.45	60-70c dis	−10.48	130-140 dis	−7.25
Denmark	14.27-14.36	14.28-14.29	8-9⅞ore dis	−7.24	17½-19½ dis	−5.21
Ireland	1.2460-1.2640	1.2480-1.2495	0.25-0.38p dis	−3.03	0.85-1.04dis	−3.03
W. Ger.	4.55½-4.59½	4.56½-4.57½	½-¼pf pm	0.98	1⅝-1½ pm	1.20
Portugal	120.00-122.50	121.70-121.90	60-140c dis	−9.85	190-385 dis	−9.44
Spain	182.10-184.00	182.30-182.50	100-130c dis	−7.58	275-320 dis	−6.52
Italy	2,270-2,290	2,270-2,272	39½-41½lire dis	−21.53	114-117dis	−20.34
Norway	11.18-11.28	11.20-11.21	1½-½ore pm	0.80	2-½ pm	0.49
France	10.91-10.99	10.95½-10.96½	16-17c dis	−18.06	37-39 dis	−13.87
Sweden	9.65-9.70	9.66½-9.67½	¼-1¼ore dis	−0.93	1-2 dis	−0.62
Japan	418-425	420-421	2.43-2.13y pm	6.51	6.53-6.23 pm	6.07
Austria	31.95-32.15	32.08-32.13	5gro pm-par	0.93	10 pm-par	0.62
Switz.	3.95½-4.00½	3.96-3.97	1⅞-1⅝c pm	4.92	4⅝-4⅜ pm	4.54

Belgian rate is for convertible francs. Financial franc 81.00-81.10. Six-month forward dollar 4.60-4.70c dis. 12-month 6.90-7.10c dis.

THE DOLLAR SPOT AND FORWARD

Aug 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8170-1.8440	1.8230-1.8240	0.90-1.00c dis	−6.25	2.45-2.55dis	−5.48
Ireland†	1.4560-1.4645	1.4620-1.4640	0.32-0.42c dis	−3.05	0.80-0.95dis	−2.40
Canada	1.2090-1.2146	1.2120-1.2123	0.36-0.41c dis	−3.80	0.60-0.65dis	−2.06
Nethlnd.	2.7730-2.7860	2.7800-2.7850	1.35-1.25c pm	5.61	3.80-3.70 pm	5.40
Belgium	40.65-40.92	40.79-40.81	14-20c dis	−5.00	20-30 dis	−2.45
Denmark	7.8200-7.8885	7.8200-7.8300	0.40-0.65ore dis	−0.80	1-½ pm	0.38
W. Ger.	2.4850-2.5200	2.5025-2.5035	1.52-1.42pf pm	7.05	4.20-4.10 pm	6.63
Portugal	66.40-67.10	66.75-66.95	par-40c dis	−3.58	35-115 dis	−3.89
Spain	99.94-100.45	100.00-100.05	par-15c dis	−0.90	10-30 dis	−0.80
Italy	1,243-1,249	1,243-1,244	16-18lire dis	−16.38	45-48 dis	−14.93
Norway	6.1380-6.1620	6.1425-6.1525	3.95-3.45ore pm	7.22	8.35-8.35 pm	5.59
France	5.9650-6.0350	6.0075-6.0125	6½-8c dis	−14.62	12-14 dis	−2.68
Sweden	5.2800-5.3100	5.2900-5.3000	2.45-2.25ore pm	5.31	6.15-5.95 pm	4.55
Japan	226.50-231.75	230.20-230.30	2.40-2.25y pm	12.12	6.60-6.45 pm	11.33
Austria	17.51-17.63	17.60-17.61	11½-10gro pm	7.33	30-25 pm	6.38
Switz.	2.1630-2.1870	2.1730-2.1740	2.05-1.95c pm	11.04	5.35-5.25 pm	9.75

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 25	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.3	−32.3
U.S. dollar	112.4	+5.0
Canadian dollar	88.4	−17.3
Austrian schilling	109.9	+22.4
Belgian franc	104.6	+9.4
Danish kroner	84.4	−11.7
Deutsche mark	115.0	+38.0
Swiss franc	133.0	+80.6
Guilder	107.0	+13.7
French franc	81.0	−12.8
Lira	56.8	−55.9
Yen	143.1	+36.7

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.606638	0.549470
U.S. $	14	1.15684	1.03025
Canadian $	21.03	1.37353	1.24053
Austria Sch.	6¾	19.8895	17.6898
Belgian F.	13	45.0956	40.9270
Danish K.	11	8.75093	7.90980
D'mark	7½	2.78355	2.52155
Guilder	9	3.08709	2.80055
French Fr.	9½	6.65449	6.02597
Lira	19	1393.77	1263.10
Yen	6¼	258.063	233.917
Norwgn. Kr.	9	unavail	6.24851
Spanish Pta.	8	111.760	101.223
Swedish Kr.	12	5.93581	5.38506
Swiss Fr.	6	2.43488	2.19599
Greek Dr'ch.	20½	—	61.7227

OTHER CURRENCIES

Aug. 25	£	$		£ Note Rates
Argentina Peso	9513-9533†	5208-5228†	Austria	31.95-32.25
Australia Dollar	1.5860-1.5900	0.8720-0.8725	Belgium	79.70-80.50
Brazil Cruzeiro	182.85-183.85	100.49-100.99	Denmark	14.21-14.55
Finland Markka	8.442-8.454	4.6235-4.6255	France	10.87-11.07
Greek Drachma	110.241-113.816	61.00-61.20	Germany	4.55½-4.60½
Hong Kong Dollar	10.90-10.91	5.96-5.97	Italy	2250-2310
Iran Rial	151.70*	81.00*	Japan	421-426
Kuwait Dinar (KD)	0.518-0.524	0.2838-0.2841	Netherlands	5.06-5.11
Luxembourg Fr.	74.35-74.45	40.79-40.81	Norway	11.18-11.29
Malaysia Dollar	4.3450-4.3550	2.3755-2.3785	Portugal	117½-124
New Zealand Dlr.	2.1995-2.2045	1.2090-1.2100	Spain	178½-188½
Saudi Arab. Riyal	6.25-6.31	3.4195-3.4215	Sweden	9.62-9.72
Singapore Dollar	3.9565-3.9665	2.1640-2.1670	Switzerland	3.96-4.00
Sth. African Rand	1.7275-1.7295	0.9475-0.9485	United States	1.81-1.83
U.A.E. Dirham	6.71-6.77	3.6720-3.6740	Yugoslavia	73½-79

† Rate given for Argentina is the commercial rate. The financial rate for sterling *is 13,304-13,344 and for the dollar 7,550-7,600. *Selling rate.*

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.0382	+0.59	+0.64	±1.5361
Danish Krone	7.91917	7.88728	−0.40	−0.35	±1.6413
German D-Mark	2.54502	2.51913	−1.02	−0.97	±1.1386
French Franc	5.99526	6.04250	+0.79	+0.84	±1.3638
Dutch Guilder	2.81318	2.79781	−0.55	−0.50	±1.5159
Irish Punt	0.685145	0.688777	+0.53	+0.58	±1.6688
Italian Lira	1262.92	1254.29	−0.68	−0.68	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 25	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.824	4.568	420.5	10.96	3.965	5.075	2271.	2.214	74.40
U.S. Dollar	0.548	1.	2.505	230.6	6.010	2.174	2.783	1245.	1.214	40.80
Deutschemark	0.219	0.399	1.	92.05	2.400	0.868	1.111	497.2	0.485	16.29
Japanese Yen 1,000	2.378	4.337	10.86	1000.	26.06	9.429	12.07	5401.	5.264	176.9
French Franc 10	0.912	1.664	4.167	383.7	10.	3.618	4.630	2072.	2.020	67.88
Swiss Franc	0.252	0.460	1.152	106.1	2.764	1.	1.280	572.8	0.558	18.76
Dutch Guilder	0.197	0.359	0.900	82.85	2.160	0.781	1.	447.5	0.436	14.66
Italian Lira 1,000	0.440	0.803	2.011	185.2	4.826	1.746	2.235	1000.	0.975	32.76
Canadian Dollar	0.452	0.824	2.063	190.0	4.951	1.791	2.293	1026.	1.	33.61
Belgian Franc 100	1.344	2.451	6.139	565.2	14.73	5.329	6.821	3052.	2.975	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 25)

3 months U.S. dollars		6 months U.S. dollars	
bid 19	offer 19 1/8	bid 19 1/16	offer 19 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Aug. 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12⅝-12¾	17⅞-18⅛	22-23	13½-13⅝	1¼-1⅜	11¾-11⅞	20-30	18-23	13-18	6¼-6¾
7 days' notice	12¾-13	18⅛-18⅝	22-23	13½-13⅝	17¼-17½	11⅞-12	28-35	32½-39½	17-24	6½-6¾
Month	13⅞-13½	18½-19	22-22⅜	13⅞-13¼	9½-9⅝	12¼-12⅝	29-32	33-34½	23-25	7-7¼
Three months	13⅞-14	19-19¼	21½-21⅞	13⅛-13⅝	9⅛-9¼	12⅛-12⅜	25-28	33⅞-34⅞	20-22	7⅝-7⅞
Six months	14⅛-14½	19⅛-19⅜	20⅞-21⅛	13⅛-13¼	9⅛-9⅜	12½-12⅝	23-24	32-33	18¾-20¼	7⅜-7⅝
One Year	14⅛-14⅜	18-18¼	19⅞-20¼	13-13⅛	8⅞-9	12⅜-12½	20-22	29¼-30¼	17-19	7¾-8

SDR linked deposits: one-month 16½-16⅞ per cent; three months 16⅞-16¹⁵⁄₁₆ per cent; six months 16⅞-16½ per cent; one-year 15½-15⅞ per cent.

ECU linked deposits: one-month 16.40-16.75 per cent; three months 16.35-16.70 per cent; six months 16.35-16.70 per cent; one-year 15.40-15.75 per cent.

Asian $ (closing rates in Singapore): one-month 18⅝-18⅞ per cent; three months 18⅞-19⅛ per cent; six months 18⅞-19⅛ per cent; one-year 17¹⁵⁄₁₆-18³⁄₁₆ per cent. Long-term Eurodollar two years 17¼-17½ per cent; three years 17-17¼ per cent; four years 16⅞-17⅛ per cent; five years 16⅝-16⅞ per cent; nominal closing rates. The following nominal rates were quoted for London dollar certificates of deposits: one-month 18.50-18.60 per cent; three months 18.70-18.80 per cent; six months 18.75-18.85 per cent; one-year 17.80-18.00 per cent.

MONEY MARKETS

Revised shortage

London clearing banks base lending rates 12 per cent

The authorities revised upwards the forecast shortage of money market funds in London for the second day running. On Monday an early estimate of a shortfall of £400m was revised to £450m at noon, while yesterday the *forecast* shortage of around £100m was changed to £150m at mid-day, and to £200m in the *afternoon.*

The major factors against the market were: the unwinding of repurchase agreements —£90m, and an excess of revenue payments over Government disbursements —£150m. On the other hand maturing bills held by the market outweighed the take-up of Treasury bills by +£60m.

There was no intervention by the authorities in the morning, but in the afternoon assistance was given *totalling* £115m. The Bank of England bought £3m Treasury bills in band 2 at 12⅞ *per cent; £29m Treasury bills in* band 2 at 12⅞-12¾ per cent; and £19m local authority bills in band 2 at 12⅞ *per cent; £4m* local authority bills in band 3 at 12⅞ per cent; £50m bank bills in band 2 at 12⅞ per cent; and £10m bank bills in band at 3 at 13 per cent.

Discount houses paid up to 12½ per cent for secured call loans, and found conditions fairly tight for most of the day, although balances were picked up at 11¾ per cent in places.

In the interbank market overnight money opened at 12½-12¾ per cent, and eased to 12¼-12½ per *cent, on the early forecast of* only a small shortage on the day. Rates eased to 11½-12 per cent in the afternoon, but finished firm at 14 per cent.

Short-term interest rates fluctuated during the day, but showed an easier tone towards the close. Three-month interbank declined to 13⅞-14⅛ per cent from 14-14¼ per cent.

In Frankfurt call money was unchanged at 11.90-12.00 per cent, and the special Lombard facility remains available today at 12 per cent. One-month funds were *unchanged* at 12.60-12.70 per cent, but the longer periods were slightly easier.

In **Paris** call money was unchanged at 17½ per cent, but period rates were firmer, with 12-month money rising to 17 per cent from 16¾ per cent in reaction to reports that the French authorities are to launch a FFr 8bn six-year 16¾ per cent state bond on September 10.

In Amsterdam call money was unchanged at 13¼-13½ per cent, but period rates were generally firmer.

GOLD

Further fall

Gold fell $10¼ to $408½-410½ in the London bullion market yesterday. The metal was depressed by the strength of the dollar, which reacted to expectations of continuing high U.S. interest rates. Gold opened at $411-413, the highest level of the day, and was fixed at $410.50 in the morning, and $409.75 in the afternoon. It touched a low point of $404½-406½.

In Paris the 12½ kilo gold bar was fixed at FFr 89,000 per kilo ($460.21 per ounce) in the afternoon, compared with FFr 89,000 ($462.71) in the morning, and FFr 89,200 ($473.97) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,165 per kilo *($412.01 per ounce), against* DM 33,865 ($430.02) previously, and closed at $409-411 compared with $421-423.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $412.75 per ounce, compared with $429.

In Zurich gold finished at $409-$412, against $421-424.

	Aug. 25		Aug. 24	
Gold Bullion (fine ounce)				
Close	$408½-410½	(£224¼-225¼)	$419-421	(£224¾-225¾)
Opening	$411-413	(£224¼-225¼)	$428-430	(£227¾-228¾)
Morning fixing	$410.50	(£224.440)	$428.50	(£228.570)
Afternoon fixing	$409.75	(£224.336)	$422	(£225.127)
Gold Coins				
Krugerrand	$423-424	(£232-232½)	$432-433	(£231½-232)
1/2 Krugerrand	$220-221	(£120¾-121¼)	$226-227	(£121-121½)
1/4 Krugerrand	$112-113	(£61½-62)	$115-116	(£61½-62)
1/10 Krugerrand	$47-48	(£25¾-26¼)	$43-44	(£23-23½)
Mapleleaf	$423-424	(£232-232½)	$432-433	(£231½-232)
New Sovereigns	$102-103	(£56-56½)	$104¼-105	(£55¾-56¼)
King Sovereigns	$116-118	(£63¾-64¾)	$ —	(£ —)
Victoria Sovs.	$116-118	(£63¾-64¾)	$ —	(£ —)
French 20s	$117-123	(£64¼-67½)	$120-126	(£64¼-67½)
50 pesos Mexico	$506-510	(£277¾-279¾)	$519-523	(£278-280¼)
100 Cor. Austria	$396-399	(£217¼-219)	$406-409	(£217½-219¼)
$20 Eagles	$557-561	(£305½-307¾)	$565-569	(£302¾-305)

MONEY RATES

NEW YORK

Prime rate	20½
Fed. funds	17¾-17½
Treasury bills (13-week)	15.34
Treasury bills (26-week)	15.86

GERMANY

Special Lombard	12.00
Overnight rate	11.95
One month	12.65
Three months	12.85
Six months	12.95

FRANCE

Intervention rate	17.125
Overnight rate	17.50
One month	17.50
Three months	17.75
Six months	17.375

JAPAN

Discount rate	6.25
Call (unconditional)	7.3125
Bill discount (three-month)	7.46875

LONDON MONEY RATES

Aug. 25 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11½-14	12¾-13	—	—	12¾-13	11¼-12½	—	—	—
2 days notice	—	—	13¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅞-13	13⅜-13½	—	13	13-13¼	12⅛-12¾	—	—	—
One month	13⅝-13⅞	13⅞-13⅝	13⅝	14⅛-14⅛	13⅝	13⅞	12¾	12¾-12⅞	12⅞	13⅞
Two months	13⅝-13⅝	13⅝-13⅞	—	14⅛-14	13⅞	—	13	13	13⅞	13⅞
Three months	13⅞-13⅞	13⅞-14⅛	14⅛	14⅛-14	14	14⅛	13⅞	13⅞	13¼	13⅞
Six months	14⅛-13⅞	14⅛-14⅛	14⅜	13⅞-13¾	14¼	—	—	—	13⅞-13¾	14
Nine months	14⅜-14	14⅛-14⅛	—	14⅛-14	14¼	—	—	—	—	—
One year	14⅛-14⅛	14¼-14½	14⅜	14⅛-14	14¼	—	—	—	—	—
Two years	—	—	14½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice others seven days' fixed. Long-term local authority mortgage *rates nominally* three years 14⅝ per cent; four years 14¾ per cent; five years 14¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅝ per cent; four months trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 12⅞-12²⁷⁄₃₂ per cent; two months 12⅞ per cent; three months 13¹⁄₁₆ per cent. Approximate selling rate for one-month bank bills 12²⁷⁄₃₂ per cent; two months 12²⁷⁄₃₂ per cent and three months 13⅛ per cent; one month trade bills 13⅞ per cent; two months 13⅞ per cent and three months 13⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from August 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rate of discount 13.2463 per cent.

WORLD STOCK MARKETS

Fresh sharp early Wall St fall

FOLLOWING MONDAY'S severe setback on fresh interest rate worries, Wall Street was dealt another blow yesterday morning by gloomy inflation news and moved broadly and sharply lower in very heavy early trading.

The Dow Jones industrial Average, which fell 20.46 the previous day to its lowest closing level for more than a year, had receded 9.59 more to $890.22 by 1 pm yesterday. The NYSE All Common Index dipped $1.10 further to $71.82, while declines led gains by a 10-to-one ratio. Turnover further swelled to 41.44m shares from Monday's 1 pm total of 33.26m.

It was announced that consumer prices for July rose 1.2 per cent, the largest one-month gain since March 1980, and returned the annual inflation rate to a double digit level, 10.7 per cent. Also, real spendable earnings fell 0.8 per cent in July, the largest one-month decline since May 1980.

Analysts said the news reinforces the perception that interest rates will remain high, causing further selling in stocks as investors move to higher-yielding money market instruments.

Robert Stovall, of Dean Witter Reynolds, noted that institutions, which tend to be sensitive to interest rates, were doing most of the selling early yesterday rather than individuals.

The number of block trades over 10,000 shares, a measure of institutional activity, totalled 484 at midday, compared with 617 for all of Monday.

Among Blue Chips, ATT lost 1⅞ to $54⅛, General Electric ⅞ to $55⅞, Union Carbide 1⅞ to $53⅞ and Eastman Kodak $1 to $66⅞.

In the Technology group, IBM slipped ½ to $55⅞, Datapoint 1⅞ to $46⅞, Tandy ⅞ to $28⅞ and Computervision 1⅞ to $35⅞.

The Dow Jones Transportation Average was down over seven points more, with Railroads the hardest hit in the group. Burlington Northern declined 1⅞ to $46⅞, Union Pacific 2⅞ to $54⅞, Norfolk and Western ⅞ to $40⅞ and CSX ⅞ to $47.

THE AMERICAN SE Market Value Index was 6.43 weaker at 346.09 at 1 pm following volume of 4.36m shares (3.83m).

Closing prices for North America were not available for this edition.

Canada

Further widespread falls were also recorded on Canadian markets early yesterday in fairly active dealings. The Toronto Composite Index receded 20.7 more to 2,183.9 at mid-day. Real Estate and Construction fell 215.9 to 7,596.4, Golds 60.0 to 4,055.2, Oil and Gas 19.1 to 4,644.7 and Metals and Minerals 26.6 to 2,180.6.

Tokyo

The recent reactionary trend on the Tokyo market developed into a sharp retreat yesterday as the severe overnight Wall Street setback on interest rate worries undermined sentiment. Trading volume, however, was only a moderate 230m shares, although in excess of Monday's light total of 180m shares.

The Nikkei-Dow Jones Average weakened 100.31 to 7,817.22 and the Tokyo SE 6.04 to 592.55, while falls outpaced rises on the First Market by 375 to 203.

Market dealers also noted that foreign buying of Japanese stocks had fallen below expectations in recent days. Many of the recently strong issues, such as Light Electricals, Precision Instruments and Heavy Electric Machines, were prominently lower.

Steels, Pharmaceuticals, Vehicles, Oils and Synthetic Fibres mostly declined.

Canon dipped Y110 to Y1,650, Fuji Photo Film Y140 to Y1,730, Matsushita Electric Y40 to Y1,730, Nippon Electric Y21 to Y834, Konishiroku Photo Y67 to Y723, Nippon Steel Y4 to Y222, Hitachi Y7 to Y846, Honda Motor Y30 to Y1,030, Toshiba Y7 to Y480, TDK Electronics Y80 to Y4,820 and Nippon Oil Y15 to Y847.

Sony, however, improved Y30 to Y4,690 following news that it has developed a new camera system using a magnetic disc instead of conventional film.

Germany

Share prices closed easier across the board after a quiet session, with Bourse sources citing the overnight falls on the New York and Tokyo stock markets, few foreign buying orders and position squaring by professional traders. The Commerzbank index declined 4.2 more to 724.4.

Brokers said interest rate uncertainty played a major role in depressing Bank shares. Deutsche Bank fell DM 5.80 and Dresdner Bank DM 3.

Paris

Bourse prices mainly declined in quiet dealings. Operators cited Monday's sharp decline on Wall Street, the renewed surge of the U.S. dollar, and news that the French Government plans to float a FFr 8bn loan on the domestic market next week.

Australia

Markets suffered one of their sharpest setbacks this year, with share prices declining over a broad front. Depressing stocks was the weakness on Wall Street, interest rate worries, the fall in gold and copper prices and a string of discouraging profit reports from the Mining sector. Also continuing to act as a depressant on the Oils group was the failure of OPEC nations to reach a new pricing agreement.

The All Ordinaries index shed 12.1 to 626.5, bringing its loss in the last three business days to 27 points. The Oil and Gas index ended 36.8 lower at 750.9, while Metals and Minerals lost 14.4 to 516.2.

Among Oil and Gas explorers, Vamgas dipped 80 cents to A$12.30, Moonie Oil 50 cents to A$3.50, Ampol Exploration 30 cents to A$2.50, Strata Oil 14 cents to 98 cents, Santos 24 cents to A$6.08 and Woodside 10 cents to A$1.60.

Among Minings, CRA, due to report 1981 interim results next week, lost 7 cents to A$3.85 after news that its 51 per cent controlled associate, Mary Kathleen, had turned in a sharply lower profit for the half-year.

Central Norseman Gold slipped 56 cents to A$7.00, Coal and Allied 40 cents to A$9.00, MIM 15 cents to A$3.90 and North Broken Hill 12 cents to A$2.88, while elsewhere, BHP receded 30 cents to A$12.60 and CSR 18 cents to a new 1981 low of A$5.00.

Hong Kong

The prospect of U.S. interest rates remaining high at least for the near future and the continuing weakness of the Hong Kong dollar, combined with the sharp overnight Wall Street fall, caused Hong Kong markets to decline yesterday in reasonably active trading. The Hang Seng index receded 12.11 to 1,705.16.

However, Hongkong and Shanghai Bank closed unchanged at HK$17.00 ahead of interim results, due later that day.

Swire Pacific "A" retreated 80 cents to HK$16.20, Jardine Matheson 40 cents to HK$21.60 and Cheung Kong 50 cents to HK$31.00.

There were some bright exceptions among secondary issues. Grand Marine continued its rise on rumours of Carrian Investments buying into the company, adding 70 cents at HK$5.85, nearly double its HK$3.10 price of two weeks ago. HK Hotels advanced HK$3.50 to HK$64.00, but Green Island Cement was down HK$1 at HK$69.00.

Johannesburg

Gold shares closed sharply lower with the Bullion price, but no significant selling pressure was evident. Heavyweights lost up to 350 cents, as in President Steyn, R37.50.

Mining Financials and the other Metals and Minerals sectors followed Golds.

Indices

NEW YORK —DOW JONES

	Aug. 24	Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 17	1981 High	1981 Low	Since Cm'pil't High	Since Cm'pil't Low
●Industr'ls	900.11	920.57	928.37	926.46	924.37	926.75	1024.05 (27/4)	900.11 (24/8)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	58.66	58.96	59.05	59.19	59.48	59.76	65.78 (15/1)	58.57 (7/5)	—	—
Transport..	382.90	395.79	395.24	399.44	399.51	405.75	447.38 (16/4)	379.18 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities....	110.48	112.73	115.21	115.51	115.06	115.65	117.81 (6/1)	103.98 (5/6)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	46,750	37,670	37,670	38,390	47,270	40,840	—	—	—	—

●Day's high 917.43 low 896.97.

Ind. div. yield %	Aug. 21	Aug. 14	Aug. 7	Year ago (approx)
	6.01	5.90	5.85	5.59

STANDARD AND POORS

	Aug. 24	Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 17	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls.	141.16	145.45	147.17	146.29	146.44	147.62	157.02 (6/1)	141.18 (24/8)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	125.50	129.23	130.69	130.45	130.11	131.22	38.12 (6/1)	125.50 (24/8)	140.52 (28/11/80)	4.40 (1/6/32)

	Aug. 19	Aug. 12	Aug. 5	Year ago (approx)
Ind. div. yield %	4.85	4.75	4.76	4.72
Ind. P/E Ratio	9.33	9.54	9.52	8.36
Long Gov. Bond yield	13.67	13.51	13.91	11.10

N.Y.S.E. ALL COMMON

Aug. 24	Aug. 21	Aug. 20	Aug. 19	1981 High	1981 Low
72.92	75.10	75.86	75.73	79.14 (6/1)	72.45 (20/2)

Rises and Falls	Aug. 24	Aug. 21	Aug. 20
Issues Traded	1,924	1,877	1,877
Rises	138	410	771
Falls	1,565	1,020	643
Unchanged	221	447	463
New Highs	4	10	16
New Lows	138	51	33

MONTREAL

	Aug. 24	Aug. 21	Aug. 20	Aug. 19	1981 High	1981 Low
Industrials	385.73	392.54	396.59	397.37	409.66 (27/6)	366.26 (20/2)
Combined	354.77	360.94	365.37	364.73	376.28 (15/8)	338.34 (20/2)
TORONTO Composite	2204.6	2246.1	2262.1	2286.1	2379.8 (10/4)	2151.4 (20/2)

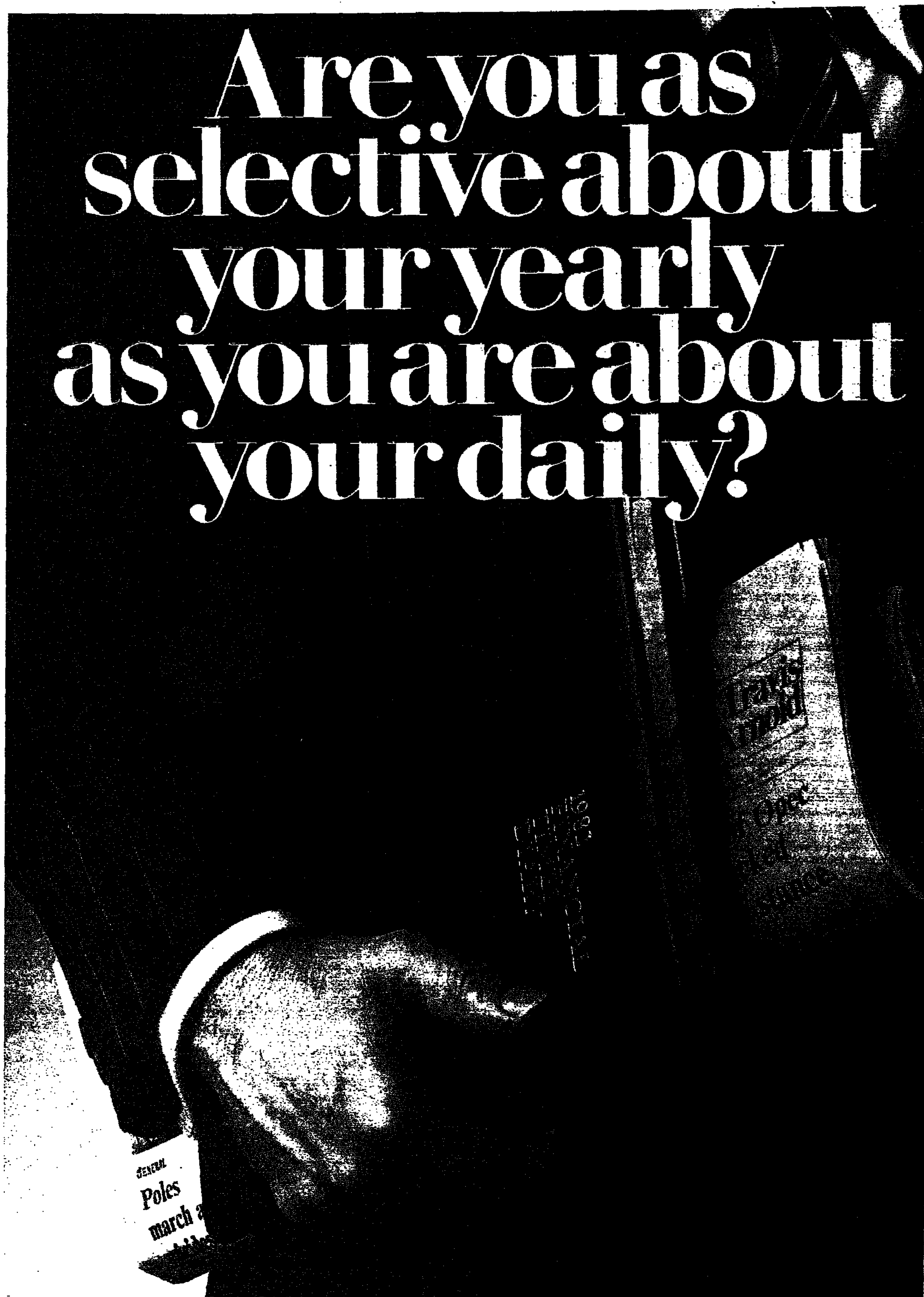
NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Exxon	826,500	33⅛	−1⅛
Sony	725,300	20¼	−⅛
Cities Service	670,400	60⅞	−3⅝
Am. Tel. and Tel.	564,600	55½	−⅞
Mobil	617,900	28¾	−1⅜
Pan-Am. Airways	506,000	2⅞	−⅛
Cmnwlth. Edison	456,900	20⅞	−¼
Std. Oil Calif.	428,300	41⅞	−2⅝
Texaco	419,700	36¾	−1⅜
Union Oil	416,700	39¾	−1⅞

	Aug. 25	Aug. 24	Aug. 21	Aug. 20	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	626.5	638.6	645.1	655.6	737.3 (6/4)	625.0 (5/5)
Metal & Minrls (1/1/80)	516.2	530.6	565.6	550.0	735.2 (7/1)	505.4 (5/5)
AUSTRIA Credit Aktien (2/1/62)	56.73	56.95	54.0	57.40	66.45 (6/1)	54.0 (21/8)
BELGIUM Belgian SE (31/12/63)	74.08	74.99	75.05	74.67	86.15 (17/2)	69.53 (16/6)
DENMARK Copenhagen SE (1/1/73)	113.00	118.53	117.8	118.07	119.00 (25/8)	95.68 (2/1)
FRANCE CAC General (29/12/61)	91.5	92.4	92.1	91.0	112.5 (17/3)	77.5 (15/6)
Ind Tendance (31/12/80)	96.2	98.9	98.7	95.1	106.8 (13/3)	78.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	237.17	238.48	240.4	241.33	243.47 (3/7)	215.68 (9/2)
Commerzbank (Dec 1953)	724.4	728.6	733.5	737.5	749.0 (3/7)	666.4 (16/2)
HOLLAND ANP-CBS General (1970)	85.4	85.0	86.5	96.8	98.8 (20/8)	85.7 (2/1)
ANP-CBS Indust (1970)	72.9	73.7	73.7	73.4	78.4 (22/8)	62.9 (2/1)
HONG KONG Hang Seng Bank (31/7/64)	1705.16	1717.27	1715.84	1705.75	1810.20 (17/7)	1295.44 (11/3)
ITALY Banca Comm Ital (1972)	235.79	236.56	231.9	229.39	292.03 (3/6)	166.44 (24/7)
Japan Dow Average (16/5/49)	7817.22	7917.53	7995.25	7972.96	8019.14 (17/8)	6856.52 (15/3)
Tokyo New SE (4/1/68)	592.55	598.59	602.13	602.07	603.92 (17/8)	495.75 (5/1)
NORWAY Oslow SE (1/1/72)	138.49	140.05	141.7	142.43	146.72 (6/8)	110.54 (5.6)
SINGAPORE Straits Times (1966)	698.96	712.25	724.97	718.79	973.26 (26/6)	659.51 (2/1)
SOUTH AFRICA Gold (1958)	(u)	626.5	618.0	616.3	797.6 (7/1)	473.6 (8/7)
Industrial (1958)	(u)	651.3	655.6	654.4	654.4 (20/8)	537.2 (5/2)
SPAIN Madrid SE (30/12/80)	145.47	(c)	144.6	143.43	145.47 (25/8)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	611.86	628.07	653.7	631.75	660.51 (10/8)	404.17 (20/1)
SWITZERLAND Swiss Bank Cpn. (31/12/58)	285.5	287.6	287.8	287.4	304.2 (2/4)	279.8 (27/5)
WORLD Capital Intl. (1/1/70)	—	151.0	153.4	154.2	162.8 (6/1)	149.0 (23/7)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Financial Times



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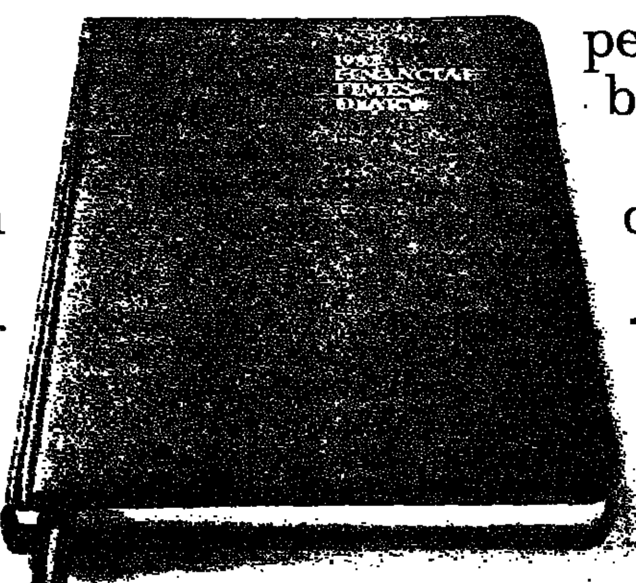

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COMMODITIES AND AGRICULTURE

Philippines doubts on meeting export sugar quota

MANILA—The Philippines may have difficulty meeting its 1.5m tonnes minimum export quota for sugar in the 1981/82 season because of sharply reduced stocks, according to a study prepared for the Agriculture Ministry, Reuter reports.

It said exports for the 1980/1981 season may be about 1.7m tonnes, after 1.67m in 1979/80 and 1.02m in 1978/79.

"Such an export volume would draw stocks down to around 240,000 tonnes, the smallest since 1974/75," it said. This would be near minimum operating levels since the domestic market takes 100,000 tonnes a month.

Sugar production was estimated at 2.5m tonnes in 1980/1981, an increase of 100,000, and a similar increase was expected for 1981/82.

"Still, if stocks are reduced as expected this year, it may be difficult to meet the International Sugar Agreement minimum export quota rate of 1.5m tonnes without further reducing stocks or curbing the domestic market," the report warned.

● On the London futures market yesterday the weakness of sterling lifted nearby sugar prices in spite of a sharp overnight fall in New York. The January position ended £1.275 up at £179.75 a tonne.

Barbados crop sharply down after rains

By Tony Cozier in Bridgetown

BARBADOS' 1981 sugar crop has ended here with over 30,000 tonnes of ripe cane having to be left in the field and production far below the pre-season estimates.

Harvesting was severely restricted by unusually wet weather, compounded by a late start caused by protracted wage negotiations and indiscriminate burning.

Mr Geoffrey Armstrong, president of the Barbados Sugar Producers Association, said production would be only 96,000 tonnes, compared with 131,000 tonnes last year and a projected 115,000 this year. Earnings would be down by $21.5m (£11.5m) on last year's figure for exports.

U.S. stance on tin pact

BY WONG SULONG IN KUALA LUMPUR

THE U.S. will not join the sixth International Tin Agreement which comes into operation next year. This message was conveyed to Malaysia by Mr William Brock, the U.S. special trade representative, when he met Datuk Paul Leong, the Malaysian Primary Industries Minister, here.

Mr Brock explained that the Reagan administration believed in allowing market forces to determine commodity prices, and in that context also expressed concern over reports that rubber and tin producing countries were intervening in the market to prop up prices.

However, he agreed to a Malaysian appeal that the U.S. would play a constructive "give and take" role in the current fifth Tin Agreement, which expires next June.

Malaysia feels that while a basic difference in economic philosophy was preventing the U.S. from joining the next tin agreement, it should nevertheless not continue its previous uncompromising attitude in the current agreement because this could lead to other countries having reservations about the workability of the next agreement.

Datuk Leong, in reply to U.S. concern over government intervention in the rubber and tin market, pointed out that prices of both these commodities had been "artificially depressed" by speculators in recent months.

What the Malaysian Government had done was make statements pointing to this fact, while encouraging private firms to withhold stocks from the market. The Malaysian Government's restructuring of the rubber export duty to curb evasion of duty had also helped in removing a depressing price factor from the market.

Datuk Leong told Mr Brock that Malaysia would ask for an upward revision of the tin prices to cover increases in production costs when the International Tin Council meets in Kuala Lumpur in October.

Our Commodities Editor writes: Base metal prices were generally higher on the London Metal Exchange yesterday, but this was almost entirely due to the fall in the value of sterling against the dollar.

Copper cash wirebars, for example, closed £2.5 up at £939.5 a tonne, but market sentiment was depressed by news that U.S. producers had cut their domestic copper selling prices by as much as 4 cents to 84 cents a pound. The reductions reflect the current pessimistic outlook in the U.S. following the failure of interest rates to come down as hoped.

Australia expects big wheat crop

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA expects a bumper wheat crop of 16.9m tonnes, following widespread rain over key wheatbelt areas in the past two months, when most of the southern hemisphere's wheat crop was planted.

The Bureau of Agricultural Economics publication Crop Report, published yesterday, said the bureau had revised the July estimate of 15m tonnes because of the good rainfall in New South Wales, Western Australia and Queensland.

However, the rain had resulted in some losses in Victoria and South Australia because of waterlogging and delays in sowing. The bureau predicts that in areas where sowing has been delayed, some growers will switch production from wheat to later-sown crops such as barley and oilseeds.

The bureau expects the national wheat yield to be just over 1.4 tonnes a hectare but says this could be 1.25-1.65, depending on weather in September and October.

Last year's drought-affected wheat crop produced only 10.8m tonnes compared with 16.2m tonnes the year before.

The bureau expects barley production for the 1981-82 summer to be 3.6m tonnes, compared with 2.7m tonnes last year. Production of oats is expected to be 1.7m tonnes, well above last year's 1m tonnes.

Overall production of winter cereals is now estimated by the bureau to exceed 22m tonnes—an increase of about 50 per cent over last year's drought-reduced total.

Uganda tea exports to start again

BY MARK WEBSTER

UGANDA IS expected to export tea next month for the first time since the Tanzanian intervention in April 1979.

The cargo is being prepared by Mitchell Cotts, which believes it could export 500,000 kilos of tea during 1981/82.

Mitchell Cotts said it had rehabilitated 400 hectares of the 2,300 it cultivated before problems arose during President Idi Amin's rule.

But Mr Anthony Ballantyne-Evans, a director of the company, said a shortage of labour was hampering an increase in the area under cultivation.

In the past, most of the labour for the tea plantations came from neighbouring Rwanda. But with the Rwanda shilling much stronger than the practically worthless Uganda currency, the workers were reluctant to return.

One of the biggest problems is transport. Mr Ballantyne-Evans said two trains were running every day, thanks to cooperation from Kenya.

Exports have been held up because of the erratic electricity supply which has made it difficult to process good quality tea. These problems were gradually being overcome.

Mr Philip Dunkley, the chairman of Mitchell Cotts, said after a visit to Uganda that rehabilitation of the factories had proceeded well.

Similarly, he said, after years of neglect the tea bushes could also be fully restored.

The Mitchell Cotts team had been in Uganda to conclude an agreement on compensation for the takeover of the estates in December 1972.

Mitchell Cotts was owed £6.9m in compensation and agreed to accept a 49 per cent stake in the Toro and Mityana Tea Company, which now owns the estates in question, worth £4.2m. The balance would be considered a loan by Mitchell Cotts to the Government.

Malaysia 'boosted rubber'

KUALA LUMPUR — The rubber market has recovered as a result of Malaysia's recent measures to boost artificially depressed prices, Mr Paul Leong, Primary Industries Minister, said.

Denying the Government had intervened in the market, he said the restructuring of rubber export duties on August 10 had helped push the price up from slightly below 230 cents a kilo on July 22 to the current 255 cents.

He said the restructuring of the export duty has already minimised the under-declaration of rubber sheets and also helped to reduce unhealthy speculative elements.

The estates agreed it made good sense for them to withhold their commercial stocks as at that time prices had been depressed to an artificially low level, he said.

Mr Leong said the Government was not intervening in the market, but that this was done by the private sector as well as by public organisations like the Malaysian Rubber Development Corporation.

He also said he had asked the U.S. to urge other consuming countries to ratify the international natural rubber agreement as early as possible.
Reuter

£½m plan for Guernsey flower industry

A PANEL of three export agents and three growers has been set up to work with Guernsey's Committee for Horticulture on a £½m scheme to aid the island's flower industry and develop new export markets.

The scheme, which was approved by the island parliament last month, will make £360,000 available for bonus payments to growers whose flowers reach a minimum quality standard, £85,000 for promoting this quality produce in the UK market under a distinctive island trade mark, and £50,000 for developing new crops and outlets.

The horticultural committee says that, besides encouraging growers to improve the quality of cut-flower exports, the bonuses are intended to "counteract in part the adverse effect on competition caused by the fuel subsidies being given to horticulture elsewhere in Western Europe."

MARKET PROFILE: ALUMINIUM

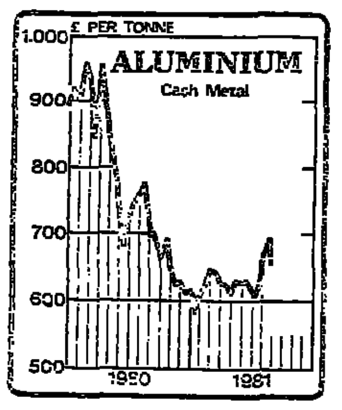
Re-writing the future

BY ROY HODSON

A TEAM of senior Alcoa executives led by Mr. Krome George, chairman and chief executive will be touring Europe next week to introduce the world's biggest aluminim company to new investors. Alcoa shares are to be listed on the London, Frankfurt and Zurich stock exchanges.

Mr. George must be wishing he had a more cheerful story to tell as he prepares his notes for the trip in Pittsburgh.

Little has gone right lately for the international aluminium industry. Worried executives have seen even modest forecasts for growth and profitability come crashing round their ears.



Dynamic

Companies tended to enter 1981 trying to convince themselves and others that the dynamic growth which had carried the aluminium industry through previous recessions would reassert itself once again. Instead they soon discovered that the harsher effects of economic recession had been pent-up in the case of the aluminium trade. This year they have burst upon the industry with greater fury because of the delay.

Many companies are losing money on their European operations. Even the usually profitable U.S. market—the bellwether of the international trade—has recently been described by Kaiser Aluminium as "proceeding at a lacklustre pace."

Primary aluminium production in the non-Communist world countries reached only 1,059,000 tonnes in July, according to the latest International Primary Aluminium Institute figures. That is a fall of 10,000 on July last year.

Stocks of unsold metal have meanwhile risen to nearly 2.5m tonnes—almost twice as much as a year ago. The non-Communist world's total aluminium demand in 1981 is now expected to be lower than last year. To exacerbate an already grim trading situation, nearly 0.5m tonnes of new aluminium smelting capacity is nearing completion in various countries and will be ready to come into production in the next year.

These figures are a dramatic commentary on the difficulties of an industry which has been used to achieving up to 8 per cent a year growth and which is still, on paper anyway, budgeting for annual growth of 3-4 per cent overall during the 1980s.

Clearly the recession will be longer, harder and more damaging for the aluminium producers than they expected. The question now beginning to be asked is whether the global development strategy being pursued by the comparatively small number of big international operators in the business will have to be abandoned and a new scenario written.

No one is in a position to answer more effectively or with more authority than Mr George, whose giant company is in the van with new capital investment schemes in several countries. His European talks should throw light upon the extent to which the industry is preparing to retrench.

Expensive

Alcoa has recently reacted to poor trading by closing more of its U.S. smelter potlines to bring down its level of metal production to four-fifths of total production capacity.

Outside the U.S., Alcoa is finding the development of what is virtually a new aluminium industry in Brazil, linked to cheap hydro-electric power, an expensive and unrewarding business in a period of poor international markets for fabricated metal and a world glut in bauxite and alumina.

In Australia, which is Alcoa's second big arena for new capital investment in the 1980s outside the U.S., the group is now threatening to stop work on its partly-built A$1bn Portland, Victoria, smelter because of soaring electricity tariffs.

It is not yet clear whether the Alcoa threat is a negotiating ploy or whether the group now believes the new smelter could prove to be an unwanted child.

Confidence in Australia's 10-year plan to develop a 2m-tonnes-a-year aluminium industry has already been jolted this summer. Alcan decided to postpone indefinitely a new Australian smelter in favour of concentrating investment in its own stamping grounds of Canada. If Alcoa's Portland smelter were to become a casualty as well, the Australian aluminium programme would be in tatters.

In Britain, Alcan Aluminium (UK) lost £9.9m before tax, and British Aluminium lost £8.8m before tax in the first six months this year.

Overseas

The three big British smelters at Holyhead, Lynemouth and Invergordon have been trying to weather the deep recession in the home market by finding markets overseas for their metal. That effort has been helped by the quality of the product and the ability of some of the companies to sell overseas within their international organisations.

However, British Aluminium, Alcan and Alcoa are thought to be still losing money on their British fabrication business and such other sectors as secondary metal production.

Furthermore, it cannot be easy for British Aluminium, Alcan and Kaiser to keep the British smelters profitable when customers are seeking big discounts on the companies' listed prices for aluminium ingot, which range between £810 and £815 a tonne.

The London Metal Exchange is currently trading aluminium at around £680 a tonne. The yawning gap between producers' list prices and realised prices is also reflected in the free market price for aluminium ingot, which has fallen from US$1,490 a tonne last January to around US$1,270 a tonne.

The aluminium industry is in a state of disarray which it finds unusual and disconcerting. Mr George's European presentations will warrant close attention by everyone concerned with the future of the metal.

BRITISH COMMODITY MARKETS

BASE-METAL PRICES were firmer on the London Metal Exchange following the sharp fall in sterling against the dollar and reflecting the reports of a South African incursion into Angola. Copper touched £974.5 in the afternoon Rings but eased on profit-taking and U.S. selling to close at £962.5. Lead closed at £413, after £417, while Zinc closed at £524.5 owing to speculative buying and rumours of producer support. Aluminium was finally £701.5 and Nickel £3,245 while Tin fluctuated between £8,100 and £8,220 in thin trading prior to closing at £8,208.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	940-1	+7.25	939-40	+2.5
3 months	971.5-2	+8.25	970-.5	+3
Settlem't	941	+7.5	—	......
Cathodes				
Cash	940-1	+6.5	938-40	+3
3 months	964.5-5.5	+6.5	965-4	+2.5
Settlem't	941	+7	—	......
U.S. Prod	—		*82.5-9.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £940, three months £970, 71, 70, 70.5, 69.5, 70, 70.5, 71, 71.5, 72. Cathodes, cash £940. Kerb: Wirebars, three months £971, 70, 71. Afternoon: Wirebars, three months £973, 74, 74.5, 74, 71, 72, 71, 70.5. Kerb: Wirebars, three months £965, 63, 62, 64, 63. Turnover: 19,400 tonnes.

Tin—Morning: Standard, cash £8,000, 8,020, three months 8,170, 60, 50, 45, 30, 40, 50, 55, 70, 75, 80. Kerb: Standard, three months £8,170, 60. Afternoon: Standard, three months £8,170, 90, 8,200, 10, 8,200, 8,190, 80, 70, 50, 60. Kerb: Standard, three months £8,100, 30, 50, 55, 50, 40, 50, 55, 60, 8,200, 10, 8,200. Turnover: 3,840 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8040-50	+40	8005-25	+20
3 months	8170-5	+47.5	8150-60	+20
Settlem't	8050	+40	—	......
Standard				
Cash	8040	+40	8005-25	+20
3 months	8170-5	+47.5	8150-60	+20
Settlem't	8050	+40	—	......
Straits E.	$35.15	+0.05	—	......
New York	—	......		

Lead—Morning: Cash £397, 99, three months £408, 07, 09, 08, 09, 10, 11. Kerb: Three months £411, 12, 13. Afternoon: Three months £413, 15, 16, 17, 16, 15.5, 15, 14.5, 14, 13, 12.5, 12. Kerb: Three months £407, 08, 08.5, 09, 10, 11, 12, 13. Turnover: 17,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	399-.5	+9	402-4	+10
3 months	411-.5	+11	412-.5	+9
Settlem't	399.5	+9		......
U.S. Spot	—	......	*42.4	......

Zinc—Morning: Three months £521, 22, 23, 24. Kerb: Three months £523. Afternoon: Three months £523, 22, 21, 22, 23.75, 24.5, 25, 26, 27, 25, 23, 24, 23, 22, 21, 20.5, 20, 19, 20, 21, 22, 20. Kerb: Three months £517, 18, 20, 19, 20, 21, 25. Turnover: 11,050 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	507-8	+18	503-5	+11
3 months	523.5-4	+18.2	520-1	+11.2
S'ment	508	+18	—	......
Primw'ts	—	—	*49.75-50	......

Aluminium—Morning: Late-Oct £688, three months £696, 97, 98, 97, 96.5. Kerb: Three months £697, 98, 99. Afternoon: Three months £699, 700, 699, 99.5, 700, 698, 97, 97.5, 98, 99.5. Kerb: Three months £698, 99, 700, 01, 02. Turnover: 7,775 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	671-3	+17.5	674-6	+19
3 months	696.5-7	+18	699-700	+18.7

Nickel — Morning: Three months £3,250, 45, 40, 45. Kerb: Three months £3,247, 53. Afternoon: Three months £3,240, 35, 40, 45, 48. Turnover: 402 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3180-90	+67.5	3185-95	+70
3 months	3240-5	+65	3245-8	+64

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 29.5p an ounce lower for spot delivery in the London bullion market yesterday at 475.3p. U.S. equivalents of the fixing levels were: spot $8.70, down 79c; three-month $9.1150, down 79.7c; six-month $9.5260, down 50.6c; and 12-month $10.289, down 82.4c. The metal opened at 483-488p ($8.85-8.95) and closed at 486-491p ($8.85-8.95).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	475.30p	-28.5	485.5p	-3.5
3 months	491.30p	-29.8	501.5p	-4
6 months	507.80p	-30.4	—	......
12 months	541.80p	-30.4	—	......

LME—Turnover 93 (7) lots of 10,000 ozs. Morning: Three months 492, 92.5, 93, 92.5, 89, 90.5. Kerb: Three months 492, 93, 92, 92.5, 92. Afternoon: Three months 507, 02. Kerb: Three months 500.

COCOA

Following a steadier opening call on currency considerations rather than any fresh news, futures traded within a narrow range throughout. Physicals continued to be largely ignored, origins withdrawn and consumers price checking and basically sidelined, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ —	Business Done
Sept	1203-06	+11.5	1207-006
Dec	1236-37	+10.0	1244-33
March	1251-53	+10.5	1258-49
May	1259-61	+12.0	1266-57
July	1268-70	+13.5	1272-66
Sept	1272-80	+9.5	1282-75
Dec	1273-90	+5.0	1288-87

Sales: 1,784 (1,463) lots of 10 tonnes.
ICCO—Daily price for Aug 24: 103.49 (103.32); Indicator price for Aug 25: 103.12 (103.27).

COFFEE

Despite a 3 cent loss in sterling, London followed the recent trend and opened lower after a limit down close in New York, reports Drexel Burnham Lambert. Prices staged a recovery helped by a stronger New York opening.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	950-52	-1.5	957-30
Nov	967-69	+13.5	968-35
Jan	982-84	+14.0	990-48
March	990-94	+16.5	992-58
May	996-98	+12.0	1000-65
July	990-05	+05.0	984-80
Sept	1005-20	+10.5	

Sales: 6,135 (4,683) lots of 5 tonnes.
ICO indicator prices for August 24: (U.S. cents per pound): Comp. Daily 104.67 (105.88): 20-day average 111.34 (112.02).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 225 tonnes. Further persistent demand from customers resulted in a fair offtake, and business showed signs of broadening. Users appeared to have accepted the probable size of the American crop, with its pressure on prices.

GAS OIL FUTURES

The market opened lower due to the weaker Deutschmark and the slightly easier physical market. A small late morning rally could not be sustained, reported Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
August	301.00	....	302.00-01.00
September	301.50	-0.75	302.00-01.00
October	304.75	-0.75	305.50-05.50
November	307.50	-1.00	308.25-07.00
December	310.50	-0.25	310.75-09.00
January	313.00	-0.50	312.00-12.00
February	316.50	....	316.50-16.50
March	319.00	....	—
April	321.00	-0.50	—

Turnover: 473 (504) lots of 100 tonnes.

GRAINS

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent: Aug/Sept 113.25, Oct 114 transhipment East Coast, sellers. U.S. Hard Winter, 13½ per cent: Sept 119.25 transhipment East Coast, seller. English Feed, fob: Sept 109 paid East Coast. Oct/Dec 112.50 paid East Coast. Maize: French: Aug 125 transhipment East Coast, seller. South African Yellow: Sept/Oct 91.50 seller. Barley: English Feed, fob Jan/March 111.50 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 102.00, S. West 105.00, W. Mids. 102.00. Feed Barley: S. East 97.00, S. West 97.10, W. Mids. 94.00, N. West 94.00. The UK Monetary Coefficient for the week beginning Monday August 31 (based on HGCA calculations using five day's exchange rates) is expected to remain unchanged.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Sep	105.25	+0.80	99.75	+0.85
Nov	108.80	+0.60	102.95	+0.75
Jan	112.90	+0.65	106.95	+0.70
Mar	116.55	+0.55	110.55	+0.60
May	120.15	+0.80	114.10	+0.70
July	123.85	+0.45	—	

Business done—Wheat: Sept 105.25-104.45, Nov 108.85-108.30, Jan 112.95-112.30, March 116.50-116.05, May 119.90-119.85, July 123.65-123.40. Sales: 250 lots of 100 tonnes. Barley: Sept 99.75-99.15, Nov. 103.00-102.45, Jan 106.95-106.40, March 110.55-110.15, May 114.00-113.80. Sales 676 lots of 100 tonnes.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing dull. Lewis and Peat reported a fob Sept price for No 1 RSS in Kuala Lumpur of 254.5 (256.0) cents a kg and SMR 20 207.0 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Oct	60.10-61.50	60.70-61.00	—
Nov	61.20-61.50	—	—
Oct-Dec	61.40-61.50	61.40-61.60	62.00-61.30
Jan-Mar	64.60-64.80	64.50-64.70	65.50-64.40
Apl-Jne	67.80-67.90	67.70-67.80	68.70-67.60
Jly-Sept	70.90-71.00	70.80-71.00	71.00-70.90
Oct-Dec	74.10-74.20	74.00-74.20	74.00
Jan-Mar	77.20-77.30	77.20-77.50	—
Apl-Jne	80.40-80.50	80.30-80.50	80.40

Sales: 267 (264) lots of 15 tonnes: nil (117) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 59.00p (58.50p): Oct 58.25p (58.50p): Nov 59.50p (60.00p).

SOYABEAN MEAL

The market opened with gains of £1.00 on weaker sterling, reports T. G. Roddick. Lightshort covering kept prices steady.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
October	135.30-35.5	+1.15	135.50-35.00
December	132.20-32.5	+1.15	132.50-31.80
February	135.00-35.5	+1.10	135.50-34.80
April	138.50-39.0	+0.75	—
June	138.50-41.5	+0.50	—
August	139.00-44.0	+0.50	—
October	139.00-48.0	+1.00	—

Sales: 93 (138) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE — Raw sugar £182.00 (£188.00) a tonne cif Aug-Sept-Oct shipments. White sugar daily price £184.00 (£187.00).

Initial small losses were erased and the market edged higher before heavier selling halted the advance. Arbitrage selling caused losses which were eradicated possibly on reports of potential flood damage to sugar cane in Thailand, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Oct	181.00-81.75	180.25-30.50	184.00-79.00
Jan	179.25-80.25	178.26-78.50	181.00-78.05
March	183.95-84.00	182.50-82.65	185.25-81.50
May	187.75-88.50	187.00-87.50	189.50-86.00
Aug	191.50-92.50	192.50-93.00	194.50-89.50
Oct	195.00-96.50	196.50-97.00	197.50-95.00
Jan	197.00-98.50	197.00-99.25	—

Sales: 4,293 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (same) a tonne for home trade and £289.0 (£294.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Aug 24: Daily price 13.22 (13.96): 15-day average 15.27 (15.47).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Oct 398, 406, 399; Dec 405, 407, 407-406; Jan 407, 412, 409; March 417, 419, 419; May 426, 428, 427; August 433, 439, 436; Oct 440, 444, 440; Dec 442, 445, 442; Jan 440, 445, 443. Sales: 2.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business) Australian cents per kilo. Oct 437.5, 495.0, 498.0-497.0; Dec 507.5, 508.0, 508.0-506.5; March 517.0, 517.5, 517.0-515.5; May 524.5, 525.0, 524.5-523.5; July 531.0, 533.0, untraded; Oct 527.5, 528.0, 526.5; Dec 531.0, 532.0, 531.0-530.0. Sales: 100.

POTATOES

market traded in a narrow range for most of the day, showing small gains on all positions, before late buying interest moved all values sharply higher, reports Coley and Harper. Closing prices: Nov 86.00, +2.30 (high 86.00, low 84.00); Feb 107.10, +2.10 (high 107.50, low 105.50); April 123.50, +2.70 (high 123.50, low 121.00). Turnover: 286 (247) lots of 40 tonnes.

*

HIDES—Birmingham: A firmer trend was evident. Second clears. Ox: 31-35.5 kg, 49.2p a kg (45.1p a kg withdrawn); 26-30.5 kg, 56.0p a kg (52.3p a kg); 22-25.5 kg, 59.5p a kg (58.0p a kg). Light cows: 25.5 kg, 58.1p a kg (55.4p a kg).

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.00, codlings £3.20-£4.40; large haddock £4.20-£5.00, medium £3.40-£4.20, small £2.60-£3.40; large plaice £5.80-£6.60, medium £5.20-£6.30, best small £3.80-£4.70; skinned large dogfish £8.00-£10.00, medium £6.50-£7.50; large lemon soles £9.00, medium £8.50; saithe £2.60-£3.60.

MEAT/VEGETABLES

MEAT COMMISSION—Average Fatstock prices at representative markets on August 25. GB—Cattle 86.77p per kg lw (+0.65p). UK—Sheep 117.31p per kg est dcw (+2.76). GT—Pigs 65.99p per kg lw (+0.61).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 71.5 to 75.5; Ulster hindquarters 80.0 to 88.0, forequarters 52.0 to 57.0. Veal: Dutch hinds and ends 112.0 to 120.0. Lamb. English small 48.0 to 54.0, medium 48.0 to 54.0; Imported frozen: New Zealand PL 56.0 to 57.0. Pork: English, under 100 lbs 34.0 to 51.0, 100-120 lbs 40.0 to 50.0, 120-160 lbs 36.0 to 48.0.

COVENT GARDEN — Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Oranges—Outspan: Valencia Lates 48 5.30, 56 6.20, 72 6.25, 88 5.55, 112 5.00, 138 4.95, 150 4.60; Argentine: 64/88 6.50-5.80. Lemons—Spania: Boxes 5.00-7.00, trays 25/50 2.20-3.00; Outspan: 80/195 5.50-8.00. Grapefruit—Outspan: 27 4.20, 32 4.85, 36 5.00, 40 5.30, 48 5.00, 56 4.40, 64 4.10, 72 3.30; Argentine: All sizes 3.50-4.00. Apples—South African: Granny Smith 3.00-8.50; U.S.: Red Delicious 10.50-12.00. Spanish: New crop, Golden Delicious 20 lb 2.00-2.40, 40 lb 4.60-5.00; French: New crop, Golden Delicious 20 lb 2.90-3.00, 40 lb 5.80-6.00. Pears—French: Per pound Williams 0.10-0.15; Italian: Per pound 0.12-0.16; Spanish: Per pound 0.12-0.16. Nectarines—Italian: Large trays A/C 4.00-5.00. Plums—Italian: 20 lb Giant Prune 3.00, Stanley 3.00. Greengages—French: 5 kg 2.60-2.80; Italian: 12 lb 4.00; Spanish: 11 lb 3.00-3.50. Cherries U.S.: Per pound 0.95. Grapes—Cyprus: 11 lb Thompson 3.35, Rozaki 3.30, Alphonse Lavallee 3.50, Sultana 11 lb 3.00; Spanish: Alphonse Lavallee 11 lb 2.40; Italian: Regina 2.40, Alphonse Lavallee 4.20, Italia 3.20. Melons—Spanish: 10 kg yellow 2.60-3.00. Watermelons—Hungarian: 13 kg 3.20-3.50; Spanish: 15 kg 3.00-3.50; Italian: 17 kg 6.00-6.50; Greek: 4.00-5.00. Peaches—Italian: Large trays A/C 2.40-2.60; French: A/C 1.60-2.20. Pineapples—Ivory Coast: 0.40-1.10 each. Bananas—Colombian: Per pound 0.13. Avocados—Kenyan: 5.50; South African: By air 5.50. Onions—Spanish: Grano 3.5 4.00. Potatoes—Cyprus: 44-lb bags 1.00-3.55. Capsicums—Dutch: 5 kg green 3.60, red 4.00. Aubergines—Dutch: 5 lb 3.50. Cabbages—Dutch: White 3.00-3.50, red 4.00. Fennel—Dutch: 3.60. Artichokes—French: Globe 24's 5.50-6.20.

English produce. Potatoes—Per 55 lb white 2.20-2.50, red 2.40-2.70, King Edwards 2.70-3.20. Mushrooms—Per pound open 0.40, closed 0.60. Apples—Per pound Bramley 0.15-0.18, Grenadier 0.08-0.10, Howgate 0.10-0.13, Discovery 0.12-0.22, George Cave 0.04-0.06, Miller's Seedling 0.04-0.05. Cauliflowers—Per 12 Lincoln 2.60-2.00. Cabbages—Per bag Primo 20 lb 1.00-1.50. Lettuces—Per 12 round 1.00-1.60, Cos 10/12 1.50-2.10. Tomatoes—Per 12 lb D 1.20, E 1.00-1.10. Radishes—Per pack of 12 x 8 oz 1.50, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55 lb 40/60mm 2.00-3.00. Celery—Per 15-28, winter crop 2.00-2.50. Cucumbers—Per 10/20 1.60-2.00. Carrots—Per 20/28 lb 0.60-1.20. Strawberries—Per ½ lb 0.30-0.40. Raspberries—Per ½ lb 0.50-0.60. Plums—Per 12 lb Victoria 0.20-0.30, Belle 1.80-2.00, Damson 2.40. Beetroot—Per 28 lb 1.20-1.40. Marrows—Per box 0.70-1.00. Fennel—Per 10 lb 3.00. Parsnips—Per pound 0.10-0.12. Stick beans—Per pound 0.20. Ground beans—Per pound 0.05-0.10.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 25 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt.	$1220/1260	....	$1220/1250
Copper			
Cash w'bar	£939.5	+2.5	£902
3 mths	£970.25	+3	£946.75
Cash Cathode	£939	+3	£917
3 mths	£965.5	+2.5	£940.25
Gold troy oz	$409.5	-10.5	$402.5
Lead Cash	£403	+10	£456.50
3 mths	£412.25	+9	£455.25
Nickel	£4087.5	....	£3,830.50
Free mkt	275.295c	....	275.265c
Platin'mtr'y oz	£260	....	£247
Freemkt	£223.35	-1.45	£215.05
Quicksilver	$425.455	....	$430/440
Silver troy oz	475.30p	-29.5	448.95p
3 mths	491.30p	-29.8	464.45p
Tin Cash	£8015	-20	£7,750
3 mths	£8155	+20	£7,052.5
Tungsten22.04lb	$145.43	....	$144.40
Wolfrm 22.04lbs	$132/148	....	£142/152
Zinc Cash	£504	+11	£478.5
3 mths	£520.5	+11.25	£488.75
Producers	$925/1000	....	$925
Oils			
Coconut (Phil)	$555y	-5	$600
Groundnut		....	
Linseed Crude	£448	....	£452
Palm Malayan	$525z	-5	$560
Seeds			
Copra Philip	$365	....	$380
Soyabean (U.S.)	$277z	-5.5	$300
Grains			
Barley Fut. Nov	£102.95	+0.75	£100.50
Maize	£125	....	£130
Wheat Fut. Nov	£108.80	+0.6	£107.80
No2 Hard Wint	£119.25x	+1.5	£116.75
Other commodities			
Cocoa ship't *	£1241	+11	£1,180
Future Dec.	£1236.5	+10	£1,154.5
Coffee Ft' Nov.	£968	+15.5	£1,145.5
Cotton A.Index	79.00c	-0.35	86.25c
Gas Oil Sept	$301.50	-0.75	$296
Rubber (kilo)	59p	+0.5	62.75p
Sugar (Raw)	£182x	-6	£225
Wooltops 64s kl	361p	....	362p kilo

‡ Unquoted. z Oct. y Aug-Sept. x Sept. † Per 75-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, August 25.

THE PRECIOUS METALS and copper fell sharply on interest Rate concerns. Light short covering ahead of USDA's freeze estimate for Brazil supported coffee values. The grain and soyabean complex was mostly lower with follow-through selling continuing in maize on favourable crop prospects and higher interest rates. Heating oil declined on the outlook for lower crude prices and increased production expected from African producers, reported Heinold.

Copper—Aug 75.35 (77.50), Sept 75.30-75.50 (77.70), Oct 76.90, Dec 79.55-79.85, Jan 80.95, March 82.50, 83.60, May 85.95, July 88.20, Sept 90.35, Dec 93.90, Jan 95.00, March 97.20, May 99.40.

*Gold—Aug 402.5 (414.3), Sept 411.1 (415.3), Oct 415.0-417.0, Dec 427.0-428.0, Feb 438.8, April 450.7, June 462.5, Aug 474.4, Oct 486.5, Dec 498.8, Feb 511.2, April 524.1, June 537.1.

*Platinum—Aug 428.0 (416.5), Sept nil (nil), Oct 410.0-417.0, Jan 428.0-430.0, April 450.0, July 465.0, Oct 482.0.

Potatoes (round whites)—Nov 73.4-73.8 (72.5), Feb 82.5 (83.0), March 87.5, April 101.7-101.8. Sales: 585.

§Silver—Aug 875.0 (934.0), Sept 873.0-881.0 (913.2), Oct 891.0, Dec 915.0-925.0, Jan 932.0, March 958.0-954.0, May 985.6, July 1011.9, Sept 1036.2, Dec 1077.0, Jan 1090.0, March 1115.0, May 1142.0. Handy and Harman bullion spot: 884.00 (915.00).

Tin—650.00-655.00 (650.00-655.00).

CHICAGO, August 25.

Lard—Chicago loose 21.25 (21.00).

Live Cattle—Oct 65.00-64.95 (64.55), Dec 65.10-65.02 (64.40), Feb 62.95-63.35, April 63.90-63.80, June 64.40, Aug 64.20.

Live Hogs—Oct 49.20-49.20 (50.15), Dec 51.20-51.43 (52.42), Feb 51.35-51.50, April 49.70, June 52.45, July 52.57, Aug 51.95, Oct 51.90, Dec 53.90.

‡‡Maize—Sept 291½-290½ (297½), Dec 298-299½ (302), March 313-312½, May 323-323¼, July 333½-333¼, Sept 323.

Pork Bellies—Feb 65.30-65.20 (67.07), March 65.27-65.27 (67.27), May 65.90-65.20, July 66.95-67.20, Aug 65.95.

†Soyabeans—Sept 660-651 (665¾), Nov nil (673½), Jan 692½-692, March 713-713¼, May 721½, July 747-748, Aug 750.

†Wheat—Sept 388-389½ (397), Dec 413½-418 (415), March 441½-440½, May 450-451, July 450-450½, Sept 450.

WINNIPEG, August 25.

§Barley—Oct 123.10 (123.60), Dec 120.50 (122.80), March 127.10, May 129.50.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ‡ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, August 24.

††Cocoa—Sept 1980 (2021), Dec 2128 (2170), March 2221, May 2262, July 2290, Sept 2325, Dec 2360.

Coffee—"C" Contract: Sept 109.00-105.25 (112.43), Dec. 107.43 (111.43), March 107.31, May 109.12, July 103.75, Sept 109.00. Sales: 2,165.

Cotton — No. 2: Oct 65.90-66.20 (66.95), Dec 67.70-67.75 (63.70), March 70.25-70.40, May 72.00-72.12, July 73.05, Oct 75.40-75.75, Dec 75.90. Sales: 5,500.

Heating oil (dollars per U.S. gallon) —Sept 0.9443 (0.9500), Oct 0.9563 (0.9530), Nov 0.9712, Dec 0.9850, Jan 1.0037, Feb 1.0147, March 1.0245, April 1.0275, May 1.0325, June 1.0425, July 1.0475, Aug 1.0580, Sept 1.0700, Oct 1.0875. Turnover: 8,619.

Orange Juice — Sept 120.00-120.20 (122.60), Nov 124.75-124.90 (127.85), Jan 128.40-129.00, March 132.00-132.20, May 135.00-135.30, July 138.00-138.50, Sept 140.75-141.00, Nov 143.50-144.00. Sales: 1,800.

CHICAGO, August 2.

Chicago Imm Gold — Aug 416.0 (432.5), Sept 416.0-413.0 (434.5), Dec 433.8-433.2, March 451.1, June 468.8, Sept 486.6, Dec 504.6, March 522.8, June 541.2.

NEW ORLEANS—Milled Rice Futures (cents per cwt. of U.S. No. 2 long grain): Sept 2030 (2050), Nov 2040 (2014½), Jan 2060, March 2100, May 2170.

EUROPEAN MARKETS

ROTTERDAM, August 25.

Wheat—(U.S. $ per tonne): U.S. No. 2 Hard Winter, 13.5 per cent: Sept 195, Oct 200, Nov 205, Dec 210, Jan 214, Feb 219, March 224. U.S. No. 2 Red Winter: Aug 165, Sept 173, Oct 172. U.S. No. 3 Amber Durum: Aug 184, Sept 185, Oct 185, Nov 187.50, Nov 197.50, Dec 200. U.S. No. 2 Northern Spring, 14 per cent: Sept 197, Oct 193.50, Nov 194.50, Dec 205.

Maize—(U.S. $ per tonne): U.S. No 3 Corn, Yellow: Afloat 143, Aug 143, Sept 140, Oct 140.50, Nov 141.50, Dec 143.25, Jan-March 145.50, April-June 154.50.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Sept 271.75, Oct 252.25, Nov 263.25, Dec 271.75, Jan 277.50, Feb 282.75, March 287, April 291, May 293 seller travelless.

Soymeal—(U.S. $ per tonne): 44 per cent protein, U.S.: Afloat 237, Aug 237, Sept 236, Oct 234.50, Nov 235.50, Dec 241.50, Nov-March 245. Brazil Pellets Afloat 242, Aug 241, Sept 240, Oct 244.50, Nov 253, Dec 256, Nov/March 260.

PARIS, August 25.

Cocoa — (FFr per 100 kilos): Sept 1253-330, Dec 1360-65, March 1375 bid, May 1380-410, July 1355 bid, Sept 1440-75, Dec 1455-80. Sales at call: 1.

Sugar—(FFr per tonne): Oct 1925-26, Nov 1915-25, Dec 1891-98, March 1981-85, May 2020-50, July 2030-80, Aug 2070-140, Oct 2080-170. Sales at call: 30.

INDICES

FINANCIAL TIMES

Aug. 24	Aug. 21	Month ago	Year ago
257.63	262.73	275.53	278.96

(Base: July 1, 1952=100).

MOODY'S

Aug. 24	Aug. 21	Month ago	Year ago
1036.2	1054.3	1072.4	1129.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 24	Aug. 21	Month ago	Year ago
Spot	356.30	362.96	390.41	440.14
Fut'rs	371.75	375.56	388.55	463.15

(Average 1924-25-26=100)

REUTERS

Aug. 25	Aug. 24	M'nth ago	Year ago
1675.9	1674.0	1726.3	1727.2

(Base: September 18, 1931=100)

COURSES

COMPANY NOTICES

TRAVEL

Wall Street gloom weighs heavily on London markets
Gilts down a point and 30-share falls 8.9 to 549.1

Account Dealing Dates
Option

*First Declara- Dealings	tions	Last Dealings	Account Day
Aug 10	Aug 26	Aug 27	Sept 7
Aug 28	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

Wall Street's overnight slump to a 13-month low and its continued weakness in the early trading yesterday was reflected in London stock markets. Government stocks were particularly affected by the high returns on U.S. bonds and concern that American interest rates would remain at their current levels for a while yet. News that the U.S. rate of inflation had returned to double figures was another adverse influence.

The marked strength of the dollar and ensuing weakness of sterling deterred investment enterprise and longer-dated Gilts fell continuously, some by 1¼ points, before staging a technical rally prior to the official 3.30 pm close. The recovery was extended during the after-hours' trade and final losses were reduced to under a point. Short-dated issues were not subjected to the same pressures and rarely lost more than ⅜, but the FT Government Securities index dropped 0.46 further to 64.02, only a shade above last month's 1981 low.

London equity dealers, wary of Wall Street's dejection, marked leading shares down sharply at the opening. Oil traders were especially cautious but instead of the expected fresh selling they ran into forceful buying, which comprised genuine investment demand and a certain amount of bear-closing; against the trend, most Oils picked up to their overnight positions.

Most other equity sectors attempted to recover, but succumbed to yesterday's advices from Wall Street and closed at the session's lowest. Leading Electricals were not helped by **Philips Lamps** second-half results and trended lower; Philips fell 30 to 437p. Measuring the tone yesterday, the FT Industrial Ordinary share index fell 8.9 for a two-day loss of 12.4 to 549.1.

South African Gold shares sustained sharp losses following reports of the attack on Angola and fresh weakness in the bullion price. Although closing above the lowest, some heavyweight issues still recorded falls of a point and the FT Gold Mines index fell for the fourth consecutive trading day to close 12.7 down at 354.6, making a loss of about 11 per cent since last Wednesday.

Demand for the expiring August series boosted contracts done in Traded options to 2,441, with puts contributing 718 deals. **Lonrho** recorded 203 calls and 174 puts, while **Racal** were also active with 119 calls and 213 puts arranged. **Lasmo** attracted 104 calls on the interim results, while **Imps** remained to the fore with 219 calls.

Yesterday saw the debut of **Willaire Systems**, the restructured Lontrim Group, in the Unlisted Securities Market; the new fully-paid shares opened at 16p and closed at 17½p, the Restricted Dividend shares opened at 15p and closed at 15½p ex the rights issue, while the new nil-paid shares started at 1p premium and advanced to 2½p premium.

Banks dull

The major clearing banks succumbed to the dull market trend. **Lloyds** lost 8 to 410p, **Barclays** relinquished 6 to 452p, as did **Midland**, 322p, and **NatWest**, 392p. **Hong Kong and Shanghai** reacted from an early firm level of 160p to close a net 4 off at 152p following the slightly disappointing interim results. **Grindlays** fell 5 to 220p on profit-taking and **Leopold Joseph** also came on offer and fell 7 to 250p. Discount Houses eased in sympathy with gilts; **Union** dipped 15 to 460p and **Allen Harvey and Ross** 7 to 340p.

Composites led the retreat in Insurances. The recently firm **Phoenix** shed 8 to 312p and **Sun Alliance** declined 10 to 986p, after 990p. Life issues also faltered after the recent firmness induced by Winterthur's bid for **Provident**.

Distillers continued to react to nervous offerings and fell 6 more to 204p.

Support for Raybeck

Trading statements were usually responsible for the main movements in the Building sector. **Fairclough Construction** rose 4 to 139p in response to the higher interim profits and dividend, while **Robert M. Douglas** put on 7 to 120p on the satisfactory annual results and proposed one-for-two scrip issue. **Crouch Group**, however, shed 6 to 126p following the disappointing preliminary results, while a useful two-way business left **Barratt Developments** 5 off at 256p. Among the leaders, **Blue Circle** softened 6 to 486p, but **London Brick** improved a penny to 73p; both companies announce half-yearly results today.

Marked down to 274p at the outset, **ICI** rallied to 276p before drifting off late to close 10 down on balance at 270p.

An attempted rally in leading Stores petered out and most issues ended with modest falls. **British Home** shed 4 more to 155p, while **UDS** gave up 3 at 77p. **Debenhams**, 88p, and **Burton**, 135p, eased 2 apiece. **Raybeck**, on the other hand, continued firm ahead of Friday's preliminary results and touched 52p before settling for a penny gain at 50p. **Cornell Dresses**, 165p, and **Polly Peck**, 343p, both declined 5.

The popular Electrical majors sustained fairly heavy falls yesterday when an early mark-down was followed by persistent small selling in the wake of **Philips Lamps'** disappointing interim statement. Philips closed 30 lower at 437p, while **Racal** shed 15 to 450p and **Thorn EMI** gave up 12 at 465p. **GEC** touched 765p but rallied on bear covering to finish a net 10 down at 775p. **Plessey** dipped 5 to 380p as did **BICC**, to 268p; the latter's interim figures are due on September 9.

Solicitors Law good

Fife Forge became a firm counter in Engineerings, rising 6 to 82p in response to the better-than-expected interim results. Buoyed by the maintained final dividend and increased profits, **ML Holdings** advanced 8 to 318p, while **APV** added 3 at 243p and **Manganese Bronze** hardened 1½ to 30p.

Foods trended easier in thin trading. **Associated Dairies**, preliminary results today, shed 6 to 138p.

Leading Hotels and Caterers drifted lower, **Trusthouse Forte** losing 4 to 135p and **Grand Metropolitan** another 3 to 194p.

In sympathy with the overnight decline on Wall Street, jobbers marked the miscellaneous industrial leaders down sharply at the outset and ensuing selling left falls ranging to 12 at the close. **Unilever** lost that much to 618p. **Metal Box** fell 6 to 168p with sentiment additionally aggravated by Nigerian economy worries. **Beecham** lost 8 to 216p, **Glaxo** 6 to 404p, and **Turner and Newall** 5 to 83p. **Reckitt and Colman** shed 6 to 290p as did **Thomas Tilling**, to 173p. Against the trend, **Solicitors Law Stationery** moved up 4 to 26p, after 27p, on the announcement that Pergamon Press had increased its holding in the company to nearly 15 per cent. **Restmor** jumped 14 to a 1981 peak of 102p in response to the better-than-expected preliminary results. **J. Billam** put on 7 to 140p, but **Charles Hill of Bristol** fell 12 to 135p on profit-taking.

Oils dip and rally

The UK/U.S. agreement for the joint development of the advanced AV-8B Harrier combat aircraft directed interest towards possible beneficiaries in the aerospace sector. **British Aerospace**, down to 222p earlier, rallied to end only 2 cheaper at 226p, while **Dowty** closed a penny better at 263p, after 259p. **Lucas** came in for institutional support and added 3 to 224p.

Interest rate uncertainties prompted a mark-down in Properties. A partial rally petered out and quotations closed at the day's lowest. **Land Securities**, 330p, and **MEPC**, 240p, losing 5 apiece.

Marked down at the outset in the wake of Wall Street's overnight decline, Oils staged a technical rally which left most quotations little altered on balance. **British Petroleum** picked up to the overnight level of 312p, after 308p, as did **Shell** to 374p, after 370p. **Lasmo's** interim results matched market estimates, but the price, after touching 590p, settled at 575p for a net fall of 10. Also on interim results, **Charterhouse Petroleum** eased a couple of pence to 85p. Elsewhere, **NCC Energy** dipped to 98p on news that Icahn Investments, a U.S. investment group, had acquired an 11.2 per cent stake in Simplicity Pattern, the former's merger partner, but the NCC chairman's statement that the stake would not affect the merger agreement took NCC up to 103p, just 2 cheaper on balance.

Continuing fears over the Nigerian economy prompted further selling of **Paterson Zochonis**, 5 lower at 120p. **Lonrho** shed a couple of pence at 87p, while **Nesco**, whose accounts were recently qualified by the auditors, also shed 5, to 163p.

Among Textiles, **Gaskell Broadloom** fell 4 to 52p following the sharply reduced interim profits, but **Stirling Knitting** attracted revived speculative support and rose 8 to 100p.

Tobaccos closed lower, although business was sparse. **Bats** fell 9 to 378p, while **Rothmans**, 70½p, and **Imps**, 61p, both eased a couple of pence.

South African industrials ended with small losses. **Tiger Oats** eased 15 to 825p, while **Abercom** closed 10 lower at 175p.

Plantations again lacked support. **Guthrie** fell 37 to 700p, while **Killinghall Rubber** were marked 50 lower at 487p. **Malakoff** remained out of favour and shed 5 more to 93p.

Golds down again

South African mining shares came under renewed and heavy selling pressure amid reports of a South African military incursion into Angola.

These reports coupled with a further sharp decline in the bullion price following a fresh rise in the dollar combined to leave South African Golds and Financials showing substantial losses for the fourth consecutive trading day. The Gold Mines index dropped a further 12.7 to 354.6.

The share market was marked down sharply at the outset and remained under pressure until the after-hours' trading when modest short covering and "cheap" buying took prices a fraction off the day's lows.

Financials and Platinums fared equally badly. In the former, "Amcoal" dipped a ½ to £16¼, **UC Investments** 20 to 600p and **De Beers** 11 to 384p. **Johnnies** lost ¾ to £38½ ahead of the increased profits and dividend. Platinums showed **Rustenburg** 27 off at 283p, **Impala** 30 down at 415p and **Lydenburg** 25 cheaper at 190p.

London Financials rallied in late trading, having been marked down at the outset owing to the recent heavy falls in base-metal prices. **Rio Tinto-Zinc** were finally a net 5 cheaper at 580p, after opening at 568p, while **Gold Fields** closed 14 down on balance at 503p, after 500p, and **Charter** 10 lower at 248p. **Tanks** gave up 6 to 294p.

Australians continued to lose ground on lack of interest. In the leaders, losses were generally restricted to around 5, as in **CRA**, 236p, **Peko-Wallsend**, 435p and **Pancontinental**, 186p. **EZ Industries** were a like amount easier at 335p following the sharp contraction in full-year profits and the reduced dividend.

Strata Oil slipped 4 more to 58p, while the Rundle twins fell to new lows for the year; **Central Pacific** gave up 5 to 60p and **Southern Pacific** 2 to 24p.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (21)

COM'WEALTH & AFRICAN LOANS (1)
Aust. 5½pc '81-82
BANKS (1)
Schroders
BUILDINGS (2)
Fairclough Constr. Lovell (Y. J.)
ENGINEERING (3)
Clayton, Son Smith Whitworth
Fife Forge
INDUSTRIALS (5)
Restmor
B.E.T. Defd. Thermal Syndicate
Billam (J.) TSL
Hoskins & Horton
NEWSPAPERS (1)
Sharpe (W. N.)
PROPERTY (1)
Hammerson A
TEXTILES (2)
Stirling Knitting Stoddard A
TRUSTS (2)
General Funds Northern Securities
MINES (3)
New Wit. Tara Exploration
Patino N-V

NEW LOWS (37)

BRITISH FUNDS (10)
Exchqr. 12½pc '90 Exchqr. 12½pc 1999
Exchqr. 13¼pc '92 Treas. 11½pc '01-04
Treas. 9pc '92-96 Treas. 13½pc '04-08
Redemption 3pc 1986-96 Conv. 3½pc '61 Aft.
Treas. 15½pc '98 Treas. 2½pc
BANKS (1)
Cater Ryder
BUILDINGS (1)
Crouch Group
STORES (3)
Amber Day Executex
Belton Textile
ELECTRICALS (1)
Forward Technology
FOODS (1)
Fitch Lovell
HOTELS (1)
Mount Charlotte
INDUSTRIALS (2)
Manch. Ship Canal Spear (J. W.)
PROPERTY (1)
Apex Properties
TRUSTS (2)
Yorks. & Lancs. Yule Catto
OILS (5)
Double Eagle Strata Oil
KCA Drilling Woodside
Magellan Pet.
OVERSEAS TRADERS (1)
Lonrho
MINES (8)
Rand London Coal Southern Pacific
Central Pacific Anglo Dominion
Cultus Pacific Highwood Resources
Leichardt Exploration SPO Minerals

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	86	4
Corpns. Dom. and Foreign Bonds	2	24	43
Industrials	94	427	854
Financial and Prop.	19	248	234
Oils	13	43	45
Plantations	—	7	16
Mines	11	95	62
Others	52	56	85
Totals	193	986	1,343

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BICC	268	−5	Lucas Inds	224	+3
BP	312	—	P. & O. Defd	113	−1
GEC	775	−10	Plessey	380	−5
HK and Shanghai Bkg	152	−4	Pres Steyn	£16½	−1½
Howden (Alex)	136	+1	RTZ	580	−5
LASMO	575	−10	Shell Transport	374	—

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Shell Trans	16	374	−18	Tricentrol	10	276	−12
Unilever	13	630	−7	U Scien New	10	145pm	−1
P. & O. Dfd	12	114	−6	Charter Cons	9	258	−7
RTZ	12	585	−6	Combined Tech	9	12	—
LASMO	11	585	−15	Royal Ins	9	408	−2
BP (np)	10	156	+2	Ultramar	9	437	−18
HAT New	10	11pm	—	BTR	8	369	−3

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 7	Sept 18	Dec 3	Dec 14
Sept 21	Oct 2	Dec 17	Dec 28
Oct 5	Oct 16	Dec 31	Jan 11

For rate indications see end of Share Information Service

Calls were arranged in Tozer Kemsley and Millbourn, Double Eagle, Brengreen, Lasmo, Cluff Oil, Royal Bank of Scotland, Espley-Tyas, William Press, NCC, F. W. Woolworth, F. H. Lloyd and Charterhall. A put was done in Solicitors Law Stationery while doubles were completed in Royal Bank of Scotland and F. H. Lloyd.

FINANCIAL TIMES STOCK INDICES

	Aug. 25	Aug. 24	Aug. 21	Aug. 20	Aug. 19	Aug. 18	A year ago
Government Secs.	64.02	64.48	65.00	65.01	64.82	65.18	68.29
Fixed Interest	66.13	66.46	66.59	66.50	66.49	66.48	70.18
Industrial Ord	549.1	558.0	561.5	560.7	563.3	567.1	491.3
Gold Mines	354.6	367.3	370.5	372.0	398.0	386.4	686.6
Ord. Div. Yield	5.45	5.37	5.34	5.34	5.31	5.29	7.58
Earnings, Yld. % (full)	9.52	9.38	9.34	9.35	9.28	9.24	17.42
P/E Ratio (net) (*)	13.85	14.06	14.12	14.13	14.20	14.11	6.98
Total bargains	17,518	15,170	18,470	16,445	18,687	18,003	18,197
Equity turnover £m.	—	87.75	98.20	116.10	132.92	137.62	94.26
Equity bargains	—	11,700	11,639	11,942	13,354	14,207	12,388

10 am 550.4. 11 am 551.3. Noon 552.9. 1 pm 552.4. 2 pm 552.4. 3 pm 550.9.

Latest Index 01-246 8026.

Nil = 12.46.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 24	Aug. 21
—Daily		
Gilt Edged Bargains	185.1	172.2
Equities Bargains	75.8	[illegible]
Value	377.3	[illegible]
5-day Avrge.		
Gilt Edged Bargains	164.8	150.6
Equities Bargains	81.4	84.4
Value	251.8	248.4

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Aug. 25, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. Aug. 24 Index No.	Fri. Aug. 21 Index No.	Thur. Aug. 20 Index No.	Wed. Aug. 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	367.37	−1.1	9.61	4.21	12.98	371.50	371.30	371.75	372.30	286.14
2	Building Materials (25)	322.90	−1.0	11.51	5.26	10.68	326.15	324.06	324.50	323.98	261.47
3	Contracting, Construction (28)	589.76	−0.8	16.19	4.83	7.17	594.29	589.40	584.13	584.69	422.61
4	Electricals (30)	1212.48	−1.4	7.45	2.28	16.74	1229.87	1231.77	1233.84	1237.47	847.06
5	Engineering Contractors (10)	498.60	−0.4	12.87	5.47	9.15	500.84	500.38	499.49	500.05	338.53
6	Mechanical Engineering (69)	211.13	−0.6	11.43	5.40	11.28	212.44	212.10	212.93	213.32	185.02
8	Metals and Metal Forming (13)	166.71	−0.4	9.54	7.13	13.75	167.35	167.59	168.92	168.17	165.11
9	Motors (21)	104.25	−0.1	1.64	6.64	—	104.34	105.00	104.71	105.34	101.37
10	Other Industrial Materials (18)	388.58	−2.0	9.26	5.17	12.95	396.36	397.57	397.92	398.47	0.00
21	CONSUMER GROUP (195)	284.72	−1.5	12.07	5.63	10.23	288.98	290.03	289.95	292.32	243.94
22	Brewers and Distillers (20)	299.07	−1.2	14.94	6.45	8.05	302.59	305.36	305.72	312.42	297.19
25	Food Manufacturing (21)	267.29	−1.3	14.55	6.24	8.28	270.73	270.90	271.41	273.43	222.14
26	Food Retailing (14)	550.27	−1.2	8.95	3.25	13.32	556.76	559.90	560.34	561.37	371.34
27	Health and Household Products (7)	349.16	−2.5	7.93	4.21	15.04	358.12	359.60	357.63	359.58	241.00
29	Leisure (22)	453.52	−1.8	9.09	4.72	13.66	461.91	463.00	462.63	469.16	347.09
32	Newspapers, Publishing (12)	505.93	−0.6	12.22	5.35	11.71	503.82	497.66	496.58	498.00	439.99
33	Packaging and Paper (13)	151.55	−1.8	13.75	6.99	8.65	154.30	154.24	154.73	154.43	130.56
34	Stores (44)	264.88	−1.2	10.93	5.04	12.20	268.00	269.03	269.53	271.03	242.07
35	Textiles (23)	161.00	−1.1	7.36	5.67	19.46	162.81	163.69	162.82	164.46	123.91
36	Tobaccos (3)	250.87	−2.4	19.47	9.57	6.02	257.19	267.77	256.29	254.81	230.21
39	Other Consumer (16)	288.55	−0.3	4.22	5.04	60.60	289.57	288.21	287.97	288.22	0.00
41	OTHER GROUPS (79)	231.37	−1.5	9.96	6.20	13.14	234.87	235.73	236.17	236.21	228.81
42	Chemicals (15)	288.62	−2.5	4.71	6.29	40.87	295.94	297.72	297.23	298.63	313.51
44	Office Equipment (5)	112.59	−0.5	15.20	7.59	7.94	113.14	112.31	114.06	113.89	108.08
45	Shipping and Transport (13)	529.85	−0.6	15.59	7.19	7.62	533.16	542.54	541.95	540.31	616.57
46	Miscellaneous (46)	308.58	−0.9	12.61	5.44	9.76	311.41	311.07	312.17	311.18	284.20
49	INDUSTRIAL GROUP (468)	305.24	−1.3	10.85	5.15	11.49	309.38	310.01	310.18	311.61	258.72
51	Oils (12)	722.50	—	23.32	7.97	4.76	722.71	748.36	772.05	765.63	799.68
59	500 SHARE INDEX	339.08	−1.1	12.96	5.62	9.28	342.91	345.51	347.54	348.36	301.60
61	FINANCIAL GROUP (119)	273.24	−1.1	—	5.46	—	276.34	276.77	276.66	275.61	259.80
62	Banks (6)	275.75	−1.4	32.51	6.83	3.65	279.66	280.67	281.49	280.23	239.33
63	Discount Houses (10)	270.40	−1.6	—	8.34	—	274.75	275.41	275.70	275.18	284.23
64	Hire Purchase (3)	256.37	−0.6	11.94	7.09	11.59	257.85	258.72	258.72	259.33	224.96
65	Insurance (Life) (10)	288.35	−0.8	—	5.25	—	290.77	290.99	291.55	289.34	250.02
66	Insurance (Composite) (9)	183.21	−1.1	—	7.14	—	185.29	185.76	185.14	184.82	164.48
67	Insurance Brokers (8)	428.25	−0.6	10.39	5.42	13.06	431.03	432.25	425.64	426.42	340.26
68	Merchant Banks (13)	171.95	−0.8	—	4.95	—	173.33	172.44	171.98	172.07	143.60
69	Property (50)	486.77	−1.3	3.55	2.88	34.30	493.26	493.50	494.10	491.06	446.77
70	Miscellaneous (10)	184.20	−0.5	17.39	5.75	7.00	185.08	185.22	185.18	185.30	148.88
71	Investment Trusts (109)	324.09	−1.0	—	4.92	—	327.41	328.58	328.14	326.91	271.25
81	Mining Finance (3)	273.02	−1.8	12.90	5.01	9.13	278.13	281.99	282.72	284.10	248.79
91	Overseas Traders (19)	426.29	−1.7	10.94	6.98	11.66	433.51	435.51	432.96	436.25	438.43
99	ALL-SHARE INDEX (750)	326.50	−1.1	—	5.56	—	330.28	332.38	333.68	334.02	269.79

FIXED INTEREST

	PRICE INDICES	Tues. Aug 25	Day's change %	Mon. Aug. 24	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.24	−0.21	106.46	—	7.82
2	5-15 years	102.43	−0.92	103.38	—	8.60
3	Over 15 years	103.17	−1.00	104.22	0.00	10.22
4	Irredeemables	113.11	−0.53	114.62	1.28	8.71
5	All Stocks	103.63	−0.70	104.38	0.02	8.80
6	Debentures & Loans	81.68	−0.32	81.94	—	7.03
7	Preference	62.21	—	62.21	—	5.10

	AVERAGE GROSS REDEMPTION YIELDS		Tues. Aug 25	Mon. Aug. 24	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.58	12.46	12.05
2		15 years	13.36	13.23	12.04
3		25 years	13.61	13.47	12.04
4	Medium Coupons	5 years	14.86	14.71	13.60
5		15 years	15.38	15.20	13.50
6		25 years	14.89	14.74	13.40
7	High Coupons	5 years	14.84	14.67	13.75
8		15 years	15.56	15.38	13.84
9		25 years	15.11	14.96	13.65
10	Irredeemables †		13.13	13.06	11.59
11	Debs & Loans	5 years	15.64	15.61	14.42
12		15 years	15.90	15.84	14.17
13		25 years	15.96	15.85	14.09
14	Preference †		15.84	15.84	14.46

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or Amount	Times covered	Gross yield	P.E. ratio
155	F.P.	21/8	172	152	✠Aerospace Eng.	155	−5	bd7.5	1.4	6.9	14.4
64	F.P.	3/9	63	60½	East of Scot. Onshore	61	.....	g0.83		2.0	—
§52	F.P.	24/9	90	75	✠Fleet St. Letter. 5p.	90	.....	u2.5	1.9	4.0	16.9
—	F.P.	14/8	7	6	✠Hartons 5p.	7	.....	—	—	—	—
§10	F.P.	—	22	17	✠ICC Oil services	19	.....	—	—	—	29.0
25	F.P.	18/9	28	27	JapanAssetsTrust 10p	27	−½	—	—	—	—
§150	F.P.	1/10	134	132	✠Markheath 54.6%Pfd	134	.....	—	—	14.6	—
[illegible]	F.P.	20/8	125	120	✠Newcourt Oil	120	.....	—	—	—	—
100	F.P.	—	105	98	✠Ramus	100	.....	gd5.0	2.1	7.1	7.7
—	F.P.	18/9	14	10	Stewart Ent. Warrs.	12	−1	—	—	—	—
§2	F.P.	28/8	120	114	St'ckhold'rsF.E.Inv 51	115	.....	—	—	—	—
66	F.P.	7/9	86	75	✠Thorpac	90	.....	b1.82	3.7	2.9	11.8
100	F.P.	15/7	104	95	Utd.Comp.&Tech. 50p	99	..	—	—	—	—
§15	F.P.	—	17½	16	✠WillaireSystems 10p	17½	.....	—	—	—	—
**	F.P.	—	15	14½	Do. Rest. Div. 10p	15xr	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
—	F.P.	6/7	110	102	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	106	−1
100	£40	20/10	38¼	38¼	Birmingham Drop-Lock '86/95	38½	−½
100‖	F.P.	7/8	112½	97½	Chloride 7½% Conv. Prf.	100	....
*	£10	24/9	10½	9⅞	East Surrey Water 10% Prf. 1986	10¼	....
100¶	Nil	28/8	9pm	4pm	Hanson Trust 9½% Cv. Uns. Ln. 2000-6	4pm	−2
98½	£25	12/11	25½	24½	Inco 15¼% Uns. Ln. 2006	24¾	−½
100	F.P.	13/8	124½	110½	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	117	−1
*97	£10	3/9	110	95	Mid-Kent Water 9% Red. Prf. 1987	96½	....
	F.P.	17/7	104½	95	Mount Charlotte 9½% Cnv. Ln. 1995-2000	96	
100	F.P.	—	100½	99¾	Nat'wide Bdg Society 14⅞% Bds. 1/8/82	100	−⅛
§100	F.P.	—	100½	100½	Do. 14⅞% Bds (25/8/82)	100	−⅛
100‖	F.P.	25/7	179	101	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	103	−1
**	F.P.	31/9	95p	82½p	Sterling Credit 3.5% Cnv. Red. Pref.	82½p	....
100p‖	F.P.	11/8	100½p	77½p	'W' Ribbons 10% Cum. Red. Prf. '95-96	77½p	....
*100	£10	24/9	11	10½	York Waterworks 10% Red. Pref. '85	10¾	....

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
22	F.P.	31/7	11/9	24	22½	A.I.D.	23	....
45	F.P.	23/7	28/8	54	49	Brengreen	54	....
42	Nil	20/8	17/9	9pm	8pm	Buckley's Brewery	9pm	....
18	F.P.	14/8	4/9	21½	19	Edinburgh Gen. Ins.	20	....
176	F.P.	7/8	11/9	245	200½	Extel	245	....
240	F.P.	—	—	405	210	††Gaelic Oil	210	....
11	Nil	28/8	30/9	2pm	½pm	Gartons	½pm	−¼
60	Nil	—	—	11pm	7pm	H.A.T. Group	9½pm	−1½
HK$12	HK$8	28/8	9/10	109	66	Hong Kong & Shanghai Bk.	97	−2
131	Nil	28/8	25/9	40pm	25pm	Ladbroke	38½pm	....
110	Nil	7/9	19/10	23½pm	16pm	Laird Grp.	22pm	−1½
35	F.P.	21/8	2/10	45	41	Lane (Percy)	45	....
77	F.P.	20/8	25/9	92	81	Moss Engineering	88	....
160‖	F.P.	9/7	12/8	200	185	New Court Nat.Res. Units	198	....
A$1	Nil	—	—	146pm	120pm	Pancontinental	120pm	−5
360p	Nil	9/9	9/10	190pm	140pm	Utd. Scientific	146pm	....
15	Nil	—	—	2½pm	1pm	✠Willaire Systems	2½pm	....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* ...£9.41 9.83 ..... 3.60
Clive Gilt Fd. (C.I.) ...£7.93 8.29 ..... 15.92
*Prices on Aug. 19. Next dealing Aug. 22.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. ...252.0 274.0 ..... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. ...US$9.78 — −2.41 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) ...£88.2 88.3 ..... 15.29
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa ...DM34.18 35.85 −0.15 —

Delta Group
P.O. Box 3012, Nassau, Bahamas

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. ...152.6 162.7 ..... 3.25

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.(a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co. Ltd (a)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.(a)(c)(g)

The British Life Office Ltd (a)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers(a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd (a) (g)

Confederation Funds Mgt. Ltd. (a)

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Trust Mgrs. (a) (b) (c).

Funds in Court*

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd. (a)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudential Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g) (a)

Rowan Unit Trust Mngt. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mangmt. Ltd.

Sun Life Tst. Mngmt. Ltd.

Target Tst. Mngrs. Ltd. (a) (g)

TSB Unit Trusts (y)

Tyndall Managers Ltd.(a)(b)(c)

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

Vanbrugh Fund Managers Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Mutual Assurance Society

Scottish Widows' Group

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Pension Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Charter Commodities (Isle of Man) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

330	180	Colby Res. Corp	215	−20	—	—	—
310	200	Cons. Murch. 10c.	280	−20	†030c	1.8	6.1
9	6	††Exploura Gold	9	...	—	—	—
98	55	††Hemerdon 10c	63	...	—	—	—
120	105	Highwood Res.	105	−10	—	—	—
505	300	Northgate C$1	420	−30	—	—	—
635	372	R.T.Z.	580	−5	16.0	3.2	3.9
£130½	£93½	Do 9½%CnUnLn '95-2000	£123½	−2½	Q9½%	—	17.6
103	25	††SPD Minerals 10p	25	−2	—	—	—
47	22	Sabina Inds. C$1	25	+1	—	—	—
41	28	††SWCM 10p	33	−1	—	—	—
585	465	Tara Exptn. $1	585	+15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ÷ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- & Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ‡‡ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	46		Conv 9% '80/82	£92⅝	....
Bertrams	10		Nat. 9¼% 84/89	£69¼	−⅛
Bdg'wtr. Est. 50p	465	..	Fin 13% 97/02	£79⅝	−⅛
Craig & Rose £1	£13		Alliance Gas	67	.
Finlay Pkg. 5p	22		Arnott	220	....
Graig Ship. £1	£25		Carroll (P.J.)	81	....
Higsons Brew	68		Concrete Prods	91	....
Holt (Jos) 25p	485		Heiton (Hldgs.)	29xd	....
I.O.M. Stm. £1	167		Irish Ropes	44	...
Pearce (C. H.)	550		Jacob	64	..
Peel Hldgs.	100	..	T.M.G.	16	−1
Sheff. Refrshmt	93xd		Unidare	75xd	....
Sindall (Wm.)	394	..			

OPTIONS

3-month Call Rates

Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew.	6½	I.C.I.	20	Vickers	16
BOC Intl.	12	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen	20	Brit. Land	8
Beecham	20	Lex Service	10	Cap. Counties	12
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¾
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	8	Brit. Petroleum	33
Courtaulds	7	Nat. West. Bank	32	Burmah Oil	16
Debenhams	10	P & O Dfd	12	Charterhall	8
Distillers	17	Plessey	28	KCA	22
Dunlop	8½	Racal Elect.	34	Premier	7½
Eagle Star	25	R.H.M.	5	Shell	32
F.N.F.C.	5	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl	25	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met	18	Thorn EMI	50	Charter Cons	21
G.U.S. 'A'	44	Trust Houses	15	Cons. Gold	45
Guardian	30	Tube Invest.	18	Lonrho	9
G.K.N.	15	Turner & Newall	10	Rio T. Zinc	45
Hawker Sidd.	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday August 26 1981

Fed conditionally approves Midland bid for Crocker

THE U.S. Federal Reserve board yesterday conditionally approved the $820m (£499m) bid by Midland Bank of the UK to buy 57 per cent of Crocker National Bank of San Francisco.

The main conditions on the deal are that Midland must within the next two years reduce to less than 5 per cent its stake in Thomas Cook Inc. the U.S. arm of the Thomas Cook travel agency business, and that Midland must within three years reduce its participation in the European American Bank to less than 5 per cent.

EAB is a U.S. banking organisation jointly owned by several European banks. Midland owns just over 20 per cent of it.

The Fed's ruling on the merger in a 15-page document said that by forcing the divesture of most of EAB and the U.S. travel agency business, Midland-Crocker would be treated on a similar basis to any other U.S. bank.

The merger proposal, the biggest foreign bank takeover in recent years, had provoked widespread opposition in Congress and in the state of California. The Fed's approval however was unanimous with the exception of governors who were not present at the hearing or who chose to disassociate themselves from aspects of the assessment in which they have a vested interest.

William Hall adds: The Federal Reserve's aproval for the acquisition of control of Crocker, the 14th largest bank in the U.S., is a major coup for Midland, which has been the slowest of all the British clearing banks to develop international operations.

With assets of $19.1bn £10.42bn), Crocker is about a third of the size of Midland. It is one of the largest banks in California which is regarded by many banks as the region in U.S. banking with the best long-term growth potential.

Midland first announced its plans to take a majority stake in Crocker in July 1980. The Californian bank has headquarters in San Francisco and Los Angeles, 368 branches, offices in New York and Chicago and representative offices in a dozen overseas countries.

KING OF SWEDEN TO SWITCH ON £13M SYSTEM

Radar project links six nations

BY DAVID FISHLOCK, SCIENCE EDITOR

THE KING OF SWEDEN will switch on the world's most powerful research radar system for studying the upper atmosphere at a ceremony in northern Sweden today.

The collaborative research project, called the European Incoherent Scatter Association (Eiscat) has cost the six participants—Britain, France, Finland, West Germany, Norway and Sweden—about £13m.

Work done under the project—first conceived in the late 1960s—could be relevant to activities like satellite communications and weather forecasting.

Radar itself was born from early investigations of the earth's atmosphere by radio beams.

In the Eiscat experiments, high-powered radar beams from UHF and VHF transmitters operated from Kiruna in northern Sweden will be used to show up the complex interactions between the solar wind and the upper layers of the earth's atmosphere. These interactions are particularly strong at this latitude.

The Eiscat complex spans Norway, Sweden and Finland, and aims to study the scattering of radar beams by free electrons present in the upper atmosphere..

The detection task set by Eiscat is equivalent to the detection of a small coin at a distance of several hundred kilometres, necessitating powerful beams and large aerials.

The UHF network consists of a 650 kW UHF transmitter at Tromso in Norway, with three 32.5 metre parabolic aerials at Tromso, Kiruna and Sodankyla (Finland). The VHF network comprises a 250 kW transmitter with a large receiving aerial at Tromso.

British and French electronics companies failed to win Eiscat contracts for this equipment, which went to Aydin Energy Systems, TIW Systems and Varian Associates in the U.S., and the MAN-Krupp-MBB consortium in West Germany.

Britain, France and West Germany have each provided about 25 per cent of the £13m capital investment, with the balance shared between the three Scandinavian countries, which have provided the sites and buildings.

Operating costs of about £1m a year will also be shared by the six countries, with Britain's Science and Engineering Research Council (SERC) contributing about 25 per cent.

Eiscat has its headquarters at Kiruna, site of Sweden's space research station. British research groups involved in the project include the SERC's Rutherford and Appleton Laboratories and the Royal Signals and Radar Establishment.

French plan £728m bond issue

By David Housego in Paris

FRANCE'S Socialist Government yesterday announced its first domestic borrowing with the launching of a FFr 8bn (£728m) bond carrying a fixed interest of 16.75 per cent over six years.

Market reaction was favourable with dealers believing that in opting for a relatively small sum at a rate likely to appear attractive, the Government was testing the market and attempting to achieve a psychological impact that would pave the way for further state borrowing.

But the sie of the coupon—a record for a state domestic loan in France—implies that the French Government holds out little hope of interest rates or inflation, coming down.

The loan to be floated early next month is intended to help cover a Budget deficit this year of FFr 70bn or the equivalent to a little more than 2 per cent of GNP. In 1980 M Raymond Barre's administration raised FFr 31bn in bonds.

Since January the last administration and President Mitterrand's Government have refrained from borrowing.

The long-term financing needs of the present Government are likely to be substantial. The Budget deficit, according to M Laurent Fabius, Minister for the Budget, will rise a further 35 per cent in 1982 to FFr 95bn as a result of planned reflationary measures.

By pitching the interest rate on the new loan at nearly 3 percentage points above the current inflation rate it seems that the Ministry of Finance was anxious to avoid any blow to the Government's prestige by an unfavourable market reaction at the outset of its borrowing programme.

Larry Klinger in Brussels adds: Credit Communal, the Belgian public financing institution for local authorities, said yesterday that it will launch a BFr 35bn (£470m) bond issue next month.

The issue is likely to generate further concern about the Government's programme to limit the country's borrowing requirements.

Credit Communal's eight-year bond will be o ffered with a 13.5 per cent coupon

GM to launch 'J' car in Europe next month

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS will launch its latest "world car" in Europe on September 26. The "British" versions will have engines from Australia and transmissions from Japan. Most of their body panels will come from West Germany.

The vehicle, in which GM has invested $5bn (£2.7bn) worldwide and which has been known so far as the "J" car, will replace the Opel Ascona on the Continent and the Vauxhall Cavalier in Britain. The old names will be retained even though the new car is front-wheel-drive and the former Cavalier-Ascona had rear-drive.

Versions of the "J" car are already on sale in North America. Others will be produced in Australia, Brazil, Japan and South Africa.

The European Ascona-Cavaliers will come in two body styles—a five-door hatchback and a saloon which can have two-or four doors.

From these bodies a 15-model line-up has been devised including nine saloons, five hatchbacks with five trim and equipment levels.

There is a choice of 1.6 litre 90 hp or 1.3 litre 75 hp engines. And these can be coupled either with a four-speed manual gearbox or the GM three-speed automatic.

Prices, including all taxes, range from £4,164 for the two-door 1300 Cavalier S model to £6,346 for the highest specification 1600 GLS five-door.

They are pitched closely to Ford Cortina levels as part of a drive to wrest sales from the Cortina, which leads the market in the all-important fleet sector.

The basic 1.6-litre Cavalier will cost £4,588 (Cortina 1.6 £4,597); Cavalier L 1600 £5,015 (1.6 Cortina L £4,933); Cavalier GL 1600 £5,679 (Cortina 1.6 GL £5,597).

Coupé version of the Cavalier will cost £5,577 for the four-door model and £5,771 for the five-door.

Vauxhall's Luton plant received a modest—in motor industry terms—£20m to re-equip for the new Cavalier.

Luton will act mainly as an assembly plant for the Cavalier and the UK content will drop significantly by comparison with the old model.

The former Cavalier, in its 1,300cc form, had a 72 per cent British content while its 1,600 cc and 2 litre versions was 56.8 per cent British when labour costs were included.

The new Cavalier will have a 48 per cent British content, including labour.

The small list of items to be provided from the UK includes only tyres, instruments, paint, some electrical parts, some glass (but not the windscreens) while all seating and door pads will be produced in Vauxhall's own facilities.

GM's global jigsaw, Page 19

U.S. seeks three way trade talks

By Paul Cheeseright, World Trade Editor

THE U.S. has called for tripartite talks with the EEC and Japan in a move to try to avoid friction in trade relations. The U.S. aim is a meeting, possibly in Washington during October, which could well be the first of a series of regular discussions.

Mr William Brock, President Reagan's trade representative, has invited Mr Rokusuke Tanaka, the Japanese Minister for International Trade and Industry, and Herr Wilhelm Haferkamp, EEC Commissioner in charge of external relations, to the talks.

The aim of the discussions would be to anticipate trade problems, the trade representative's office in Washington said yesterday. This would lessen the potential for friction.

The U.S. and the EEC have been worried about Japan's mounting trade surplus with them and, more particularly, about the effect on domestic industry of Japanese electronics, motor and steel exports.

The U.S. and the EEC have been involved in disputes about textiles, chemicals and steel trading, and about the level of export credit interest rates.

Regular talks between the three, the world's most influential trading powers, could help stave off moves towards protectionism. As such, Mr Brock's initiative was welcomed in the international trading community yesterday.

But it was pointed out that the meetings would help maintain an open world trading system only if the three powers were careful to act within the disciplines of the General Agreement on Tariffs and Trade.

Attempts to act outside GATT would create tension with medium-sized trading nations like Sweden, Australia and Brazil. "The three will have to play the game very carefully," said one trade diplomat.

The idea of talks between the world's major trading powers came out of the seven-nation Ottawa summit last month, accompanied by the "strong commitment to maintaining liberal trade policies."

The Japanese Foreign Ministry yesterday "welcomed the idea" of the talks, according to reports from Tokyo, but appeared anxious that they should not become an arena for U.S. and EEC criticism of Japan's export and import policies.

Conoco makes significant find

BY RAY DAFTER, ENERGY EDITOR

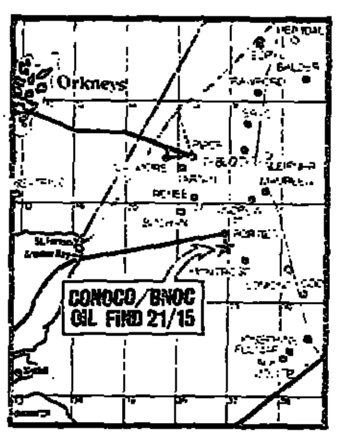
CONOCO has made a significant oil discovery in the North Sea, some 100 miles north-east of Peterhead, Scotland.

As a result of the well, drilled immediately south of the big Forties oilfield, Conoco has earned a stake in a British National Oil Corporation consortium which owns the exploration concession.

To earn its place among the licensees, Conoco paid a substantial part of the cost of the well—estimated to be about £5m—drilled in block 21/15. Conoco was also operator for the drilling operation.

BNOC, as operator for the consortium, said oil was produced at the rate of 4,400 barrels a day. In the industry, the discovery was described as "very encouraging." The oil in the reservoir is said to be of a light, high quality with a specific gravity of 41 degrees API.

The well, drilled to an estimated depth of about 12,000 ft, has improved the prospects of production from block 21/15. A well was drilled in 1978 but this was plugged and abandoned following only indications of oil and natural gas.



BNOC said last night further studies would be required to evaluate the commercial potential of the discovery. In the meantime, the well is being sealed and abandoned. The semi-submersible drilling rig Norjarl, used in the exploration venture, was being released for further offshore work.

After the drilling exercise, Conoco North Sea—part of the U.S.-based Conoco group—has earned a 14 per cent interest in the 21/15 block. Other interests are: BNOC (14.66 per cent); Deminex UK Oil and Gas (15.34 per cent); Kerr McGee Oil (12.50 per cent); Hunt Oil (7 per cent); BP Petroleum Development (16.50 per cent) and Seagrams Distillers (20 per cent).

London and Scottish Marine Oil told shareholders yesterday that three North Sea fields in which it had interests—South Ninian, the "T" block complex of reservoirs, and Andrew—would not be developed until the future of the UK oil taxation system had been determined.

Mr Geoffrey Searle, chairman, said appraisal and development studies were continuing in each of the three areas. It was not likely that development decisions would be taken until uncertainties over taxation had been cleared.

On Monday, the UK Offshore Operators Association, representing the main oil companies in the North Sea, announced it did not wish the Government to issue any more exploration licences until the form and level of taxation had been charged.

Companies are now preparing their recommendations for tax changes which will be considered by the Government before next spring's Budget.

Company report, Page 20

Continued from Page 1

Jobless total up

This has occurred despite a temporary rundown in the impact of the Government's various special employment measures, keeping 285,000 off the register in July compared with 305,000 in June. On some interpretations the unemployment total is already well over 3m.

There is some evidence that demand for labour may no longer be declining. The seasonally adjusted number of vacancies rose in the month to mid-August, for the second month running, by 6,700 to 98,400.

But this reflects the seasonal adjustment rather than a rise in the actual total. So with vacancies still at a very low level there is some caution about identifying a new trend.

Other positive signs include a decline in notified redundancies to around 40,000 a month now, compared with over 50,000 earlier in the year, and a fall in the number of people in manufacturing on short-time working to 300,000 in June from 435,000 in April.

The timing of the possible rise above 3m is uncertain. The figures are still being distorted by the impact of the civil service dispute which has delayed notification of the end of periods of unemployment.

This has artifically raised the "headline" figure by about 20,000 in the last two months and the impact could be even larger in September. The seasonally adjusted figure has been reduced to allow for this distortion.

The pattern of unemployment among school leavers is also uncertain because of new rules preventing the receipt of supplementary benefit until September 7. This may have meant that many school leavers have not registered as unemployed. Some may do so next month, though there is little time before the unemployment count on September 10, while others may return to full-time education or take up jobs.

In addition, more youngsters are being helped by the Youth Opportunities Programme, currently assisting 180,000 compared with 100,000 a year ago.

All of this makes the exact path of the total unpredictable. The seasonal pattern of the adult figure tends to vary little between now and the end of the year.

Continued from Page 1

Girobank

London Bankers' Clearing House.

The bank operates its accounts through the UK's 20,000 post offices. It has felt in recent years that it has suffered because of its distance from its customers. Its main aim in the current expansion is to get closer to the bank's customers especially in the corporate sector which has been an important growth area.

The new offices will attend to some of the functions at present handled by Bootle, such as opening accounts, handling queries and servicing loan applications. It has not yet been decided whether it will offer full banking facilities and have cashiers like typical clearing bank branches.

The expansion will not lead to a reduction of jobs at its Bootle operations base.

The first of the new regional offices will open in Birmingham later this year, and the second in Liverpool's city centre early next year. The bank plans to open five more offices of a similar size in the South East, the East, the North East, Scotland and the South West.

Weather

UK TODAY

Very warm, dry with sunny periods. Cloudy in Scotland and N. Ireland with drizzle in N. Scotland.

England, Wales, Channel Islands, S.E. Scotland
Sunny, very warm. Max. 25C (77F).

Lake District, Isle of Man, S.W. Scotland, Central Higlands, N. Ireland
Cloudy with hill and coastal fog. Sunny later. Max. 20C (68F).

N. Scotland, Orkney, Shetland
Cloudy, hill and coastal fog with drizzle in places. Max. 18C (64F).

Outlook: Mostly dry and warm with sunny periods. Occasional rail over N. Scotland.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	26	79	L. Ang.†	S	21	70
Algiers	F	30	86	Luxmbg.	F	19	66
Amsdm.	S	20	68	Luxor	S	40	104
Athens	C	27	81	Madrid	S	27	81
Bahrain	C	37	99	Majorca	S	29	84
Barclna.	F	27	81	Malaga	S	26	79
Beirut	S	23	73	Malta	C	24	75
Belfast	R	18	64	M'chstr.	C	20	68
Bolgrd	C	19	66	Melbne		—	—
Berlin	D	14	57	Mx. C.†	S	23	73
Biarritz	S	27	73	Miami†	F	26	79
Bmghm	F	22	72	Milan	S	23	73
Blackpl.	F	18	64	Montrl.†	S	13	55
Bordx.	S	24	75	Moscow	S	22	72
Boulgn.	C	17	63	Munich	F	17	63
Bristol	F	22	72	Nairobi		—	—
Brussels	F	19	66	Naples	F	25	77
Budpst	C	20	68	Nassau		—	—
Cairo	S	32	90	Nwcstl.	F	22	72
Cardiff	F	23	73	N York†	F	19	66
Cas'b'ca	S	26	79	Nice	F	25	78
Cape T.		—	—	Nicosia	S	38	100
Chicg.†	C	21	70	Oporto	S	23	73
Cologne	F	19	66	Oslo	C	20	68
Cpnhgn.	C	18	64	Paris	F	27	81
Corfu	C	22	72	Perth	S	17	63
Denver†	F	16	61	Prague	F	16	61
Dublin	C	21	75	Reykjvk.	C	10	50
Dbrvnk.	S	24	75	Rhodes	S	31	88
Ednbgh.	R	18	64	Rio J'o†	C	29	84
Faro	S	27	81	Rome	F	30	86
Florence	F	26	79	Salzbrg.	C	18	64
Frankft.	F	20	68	S F'cisc.		—	—
Funchal	F	23	73	S Moritz		—	—
Geneva	S	20	68	Singapr	C	31	88
Gibraltar	S	25	77	S'tiago†	S	21	70
Glasgow	C	17	63	Stckhm.	F	15	59
G'rnsey	S	20	63	Strasbg.	S	21	70
Helsinki	R	20	68	Sydney	C	16	61
H. Kong	S	32	90	Tangier	S	31	88
Innsbrk.	F	18	64	Tel Aviv	S	29	84
Invrnss.	F	19	66	Tenerife	S	28	82
I. o. Man		—	—	Tokyo	C	29	84
Istanbul	F	28	82	T'ronto†	F	14	57
Jersey	S	19	56	Tunis	F	27	81
Jo'burg	S	17	63	Valencia	S	27	81
L. Plms.	S	29	84	Venice	S	22	72
Lisbon	S	30	86	Vienna	F	18	64
Locarno	F	23	73	Warsaw	C	14	57
London	F	24	75	Zurich	S	18	64

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

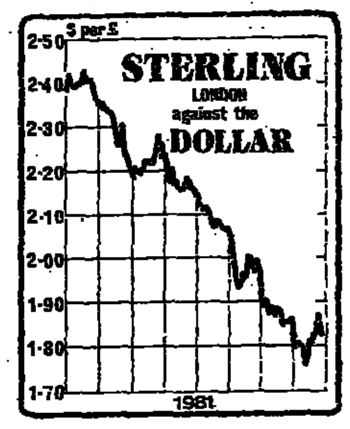
THE LEX COLUMN

Lasmo's cash and the taxman

The U.S. bond market is suffering from the sort of collapse of confidence in which every event seems to push prices lower. There is simultaneous concern that rapid expansion of the broad money aggregates might persuade the authorities to tighten short-term rates again, and that the rather easier stance of Fed policy over the last month has been too accommodating. On top of this come higher forecasts of the budget deficit and prospects of unlimited new issues.

Weaker sterling has brought the gilt-edged market back to slavish following of trends in New York; the nadir was perhaps reached yesterday when British bonds were marked down smartly on some poor U.S. consumer price figures. Gilt-edged rallied from 15¼ per cent yields to close with losses of less than a point but London equities closed at the day's low.

Index fell 8.9 to 549.1



Lasmo

Lasmo's interest in the Ninian field was increased by a fifth to 9.3 per cent in the first half of this year, the field produced oil at a daily rate more than a quarter above the 1980 average, and the sterling price of crude oil rose. So the group's first half profits are up from £20.3m to £55.0m pre-tax, or from £9.3m to £17.4m after the ever-rising provision for taxation. In addition, extraordinary net earnings of £5.8m relate to the retrospective increase in Lasmo's Ninian interest; a further £2¼m or so from this "make-up oil" can be expected in the current half.

Lasmo has been able to pay off or match with cash most of the borrowings in its December 1980 balance sheet with the exception of the £75m unsecured loan stock and by the end of the year it should have built up a fair net cash position. But from the current half year onwards Lasmo's cash generating power is likely to fall off sharply because it will start paying large amounts of tax rather than simply providing for it. Unless the oil price rises sharply there may even be a cash outflow next year, depending on the level of spending on the "T" block and the Andrew field. These are now at the appraisal stage, but development may be held up by the operators' unhappiness about the North Sea tax structure.

Any delay to the development of these fields threatens a dip in Lasmo's oil production in 1983-84, by which time Ninian will be past its peak and the eventual cost of bringing them on stream has led to some fears that Lasmo may follow up yesterday's maiden dividend—4p net with a further 6p promised at the final—with a maiden rights issue. That would be a curious step from a company which was once seen as a vehicle for stripping cash out of Ninian. Lasmo shares have been suffering from the general malaise of the oil sector and barring some resolution of the tax tangle it is likely to take firmer oil prices to get investors excited again. At 575p, down 10p yesterday and 36 per cent below last year's high, the shares stand on 12 times current earnings and yield 2.5 per cent.

Philips

Philips is now well into its restructuring programme and the second quarter increase of almost a quarter in sales per employee suggests that some productivity gains have already been made. But profits have yet to take off and yesterday's anouncement of a 6.5 per cent improvement to Fl147m pre-tax in the quarter to June left the shares Fl1.9 lower at Fl22 in Amsterdam.

Replacement cost depreciation and provisions for future reorganisation costs have depressed operating income to a level where net interest payments are covered less than 1½ times, and the position is unlikely to improve in the second half.

The poor profits picture is not just a reflection of Philips' highly conservative accounting treatment, however. Gross cash flow remains under pressure despite a healthy growth in volume sales and further productivity improvements will be needed merely to keep in step with the competition.

The test of the Philips strategy is still two or three years off. Reorganisation in the Netherlands, which lost Fl233m last year, should be almost complete, the group's video-cassette system is budgeted to take 30 per cent of the European market and consumer demand should almost certainly look brighter. The impact of any improvement in trading margins on the bottom line would be dramatic. But shareholders who have yet to see Philips' earnings recover the level of the early 1970s appear to be taking a cautious view.

Hongkong Bank

The Hongkong and Shanghai Bank has done plenty in its interim figures to compensate shareholders for the dilution arising from this year's rights issue. Marine Midland has been consolidated and reported earnings after minorities are 34 per cent higher at HK$690.7m, while the bank shows a comforting 17 per cent increase in disclosed shareholders funds to HK$12.1bn. The interim dividend is increased by more than 40 per cent.

This impressive display of financial muscle serves notice that it will take a curious split decision by the Monopolies Commission—allowing one bid and forbidding another—if Standard Chartered is to get hold of the Royal Bank of Scotland. Yesterday's go-ahead for the Midland Bank acquisition of Crocker makes a blanket ban on foreign bids for British banks politically awkward. And some heavy buying of Royal Bank shares by the Kuwait Investment Office adds spice.

Charlie Chan

"The curse of the Dragon Queen" has claimed another victim. An ungrateful U.S. public has stayed away from the Charlie Chan film of that name in droves, and has also been snooty about another glamorous offering, "Beatlemania." This is bad news for American Communications Industries, which was brought to an unenthusiastic unlisted securities market last autumn by Rowe Rudd, and is now working on a reconstruction. The company raised some $10m in London (half in income notes) and $14m debentures in the U.S., and hoping to convert most of its debt into equity of one kind or another. The prospectus forecast net income of $11.4m for 1981, but noted manfully that the outcome could be very different. Next on the production schedule: "Tough Enough."

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